

# GOODS & SERVICE TAX 2020

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Goods and Services Tax is an iconic taxation reform that has improved compliance and revenue collection with ease of doing business being main benefit to taxpayer. GST relates to sharing of resources and joint decision making between the Central and State governments and government through its regular GST council meetings has tried to achieve the same.

One Nation One Tax, being the motto of introduction of new regime of Goods and Service Tax (GST) in India, is the most important step taken in the series of new reforms being carried by the Narendra Modi Government and is a historical step in the fiscal history of India.

GST rolled out in July 2017, with an aim to simplify the indirect tax structure, which has come a long way in last two years with various amendment being brought into GST for its simplification and effectiveness.

Changes brought in GST over two years relate to clarification, compliance, correction, emphasizing technology and artificial intelligence, changes in relation to seamless transfer of input credit, rationalization in tax rates, GST returns , GST audits and changes in various rules enabling ease of doing business and effective implementation of GST law.

We have created this ready to refer booklet for your basic understanding of GST. This booklet will help you to migrate into the new waters of Goods and Service Tax smoothly.

## **How can we help?**

We can help you with innovative and technology-based compliance solutions to complex regulations in Indian GST. We can also help you to assess the Impact of GST on your business, if you wish to opt for the same. The Impact Analysis of GST on your business might help you to get well equipped with the various facets of GST.

Please do get back to us in case of any GST related problems or questions.

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He has been a regular speaker at various forums on various topics related to Tax, finance and commerce. He has also contributed in various tax publications as author / co-author. He has also co-authored two books on transfer pricing, published by Lexis – Nexis and Taxmann respectively.

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## Introduction

GST has been a landmark change in the way business is done in India and has so far made success full journey of over two years in the highly evolving Indian tax scenario.

GST has organized the highly fluid space of Indirect taxes which were being levied on supply chain both by the central union government and the state government. The central and state indirect taxes subsumed under GST were:

1. Central Excise Duty – Levied by central government on manufacture of goods (except on petroleum and Alcohol)
2. Additional Duties of excise- Levied by central government on manufacture of specified goods
3. Excise duty levied under Medicinal & Toilet Preparation Act – Levied by central government on manufacture of medicinal and toilet preparations containing alcohol, opium, Indian hemp or other narcotic drug or narcotic.
4. Additional duties of customs (CVD & SAD)- Levied on imported products to ensure fair pricing of imported products, thereby protecting domestic firms.
5. Service tax - Levied by central government on provision of services
6. Central Sales Tax - Levied by central government on interstate sale of goods
7. State Value Added tax/ Sales Tax - Levied by various state government and Union territories on intra state sale of goods (except on petroleum and Alcohol).
8. Entry Tax (all forms) - Levied by various state government and Union territories on entry of goods within a state
9. Purchase Tax- Levied by various state government and Union territories on purchase of goods from an un-registered dealer.
10. Luxury tax - Levied by various state government and Union territories on the turnover of receipts of a hotelier or a specified person at the notified rate
11. Entertainment Tax (other than those levied by local bodies)- movie tickets, large commercial shows and large private festival celebrations are subject to entertainment tax by state government
12. Taxes on lottery, betting & gambling
13. Surcharges & Cesses

GST has tried to discipline the fiscal space. GST also has initiated the dawning age of Artificial intelligence with government getting access to tax payers' big data leading to automation and digitization of business processes.

## Advantages of GST

Implementation of GST has a major advantage of streamlining of various indirect tax structures prevailing in the supply chain, ensuring that tax is only levied on value added portion of transactions. Few other advantages of the Indian GST are:

- Cascading effect of central taxes not being available as input against state taxes is being removed in GST
- Cascading effect of certain state taxes not being available as input against certain other state taxes is being removed in GST
- Variation both in terms of regulations and interpretation in various state VAT laws have become an hindrance of entities to do trade in various states within India, those will be removed in GST
- Digitization of the supply chain, leading to seamless supply chain commerce.
- Reduction in inflation and costs leading to economic and fiscal growth
- Taxability at point of consumption rather than origin, making it destination based tax
- Cross utilization of credits will be allowed between goods and services.

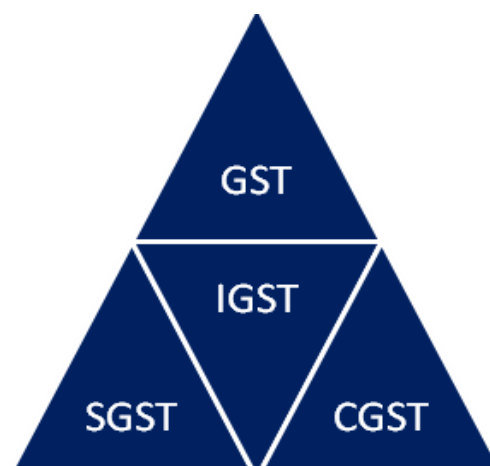
The Indian GST regime is divided into various rules and regulations related to taxable events, chargeability of relevant tax i.e. CGST & SGST/ UTGST or IGST ,mixed & composite supplies, reverse charge, composition scheme, registration, e-commerce operators, Non-resident and casual taxable person, valuation of taxable supply , input tax credit , Zero rated supplies , time of supply & payment of tax, tax invoice, returns and compliances, refund, penalties & prosecution, transition provisions, assessment & audits , appeals , advance ruling , anti-profiteering measures, exemptions & tax rates etc.

GST rates for goods have been categorized into Nil, 0.25%, 3%, 5%, 12%, 18% and 28%, while for services there are four rates i.e. 5%, 12%, 18% & 28%. Twenty services are identified under reverse charge mechanism, while 86 services have been exempted.

Indian GST rolled out on 1st July 2017, over the period of more than two years government has made an effort come up with a balanced law to cater to a very huge and diverse market such as India. This innovative and landmark fiscal reform is being implemented on complex supply chains prevailing in India in a subtle manner, with continuous changes to Iron out any difficulties being faced by the taxpayers. GST regime is focused to promote further ease of doing business in India.

### Structure of GST

GST is consumption and destination-based tax and the taxable event is supply of goods or services or both. CGST and SGST would be levied on supply of goods or services or both on intra state supply of goods or service or both, while IGST would be levied on interstate sale of goods or services or both.



IGST is not a tax but a mechanism to transfer the share of tax to the consumption state. It is a combination of CGST & SGST



### GST Liability

GST is a value added tax, which implies its liability is payable on net basis i.e. net of allowable Input of GST. GST liability is to be borne by the recipient except for reverse charge mechanism.



### Taxable Event

A supply of goods or services is taxable under GST, if it is a supply of goods or services for consideration, other than

- alcoholic liquor for human consumption and petroleum products;
- the supply of goods & services or both covered under exemption under GST.

In GST the taxable event is supply of goods or services or both which is quite opposite from the past regime of indirect taxes. As per constitution of India goods and service tax means a tax on supply of goods or services or both except taxes on supply of alcoholic liquor for human consumption.

### What are goods ?

“Goods” means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply.

### What are services?

“Services” means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.

### What is supplier?

“Supplier” in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied.

### What is supply?

Supply Includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business; import of services for a consideration whether or not in the course or furtherance of business.

- Supply includes activities specified in Schedule I, made or agreed to be made without a consideration
- There are certain activities as specified in schedule II which are to be treated as supply of goods or supply of services.
- There are some activities which shall be treated neither as a supply of goods nor supply of services are mentioned in Schedule III

**Table 1: Summary of what constitutes supply**

Supply
<ul style="list-style-type: none"> <li>• All forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;</li> </ul>
<ul style="list-style-type: none"> <li>• Import of services for a consideration whether or not in the course or furtherance of business;</li> </ul>
<ul style="list-style-type: none"> <li>• The activities specified in Schedule I, made or agreed to be made without a consideration; and</li> </ul>



**Table 2: Summary of what constitutes supply without consideration mentioned in schedule I**

<b>Supply without consideration</b>
<ul style="list-style-type: none"> <li>• Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.</li> </ul>
<ul style="list-style-type: none"> <li>• Supply of goods or services or both between related persons or between distinct persons, when made in the course or furtherance of business; Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.</li> </ul>
<ul style="list-style-type: none"> <li>• Supply of goods—               <ul style="list-style-type: none"> <li>a. by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or</li> <li>b. by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.</li> </ul>

**Table 3: Summary of what needs to be treated specifically as supply of goods or services mentioned in schedule II**

<b>Goods or Services</b>
<ul style="list-style-type: none"> <li>• Transfer               <ul style="list-style-type: none"> <li>i. Any transfer of the title in goods is a supply of goods;</li> <li>ii. Any transfer of right in goods or of undivided share in goods without the transfer of title thereof, is a supply of services;</li> <li>iii. Any transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed, is a supply of goods.</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Land and Building               <ul style="list-style-type: none"> <li>i. Any lease, tenancy, easement, licence to occupy land is a supply of services;</li> <li>ii. Any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly, is a supply of services.</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Treatment or process               <ul style="list-style-type: none"> <li>i. Any treatment or process which is applied to another person's goods is a supply of services.</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Transfer of business assets               <ul style="list-style-type: none"> <li>i. Where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, whether or not for a consideration, such transfer or disposal is a supply of goods by the person;</li> <li>ii. Where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, whether or not for a consideration, the usage or making available of such goods is a supply of services;</li> <li>iii. Where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless—                   <ul style="list-style-type: none"> <li>• the business is transferred as a going concern to another person; or</li> <li>• the business is carried on by a personal representative who is deemed to be a taxable person.</li> </ul> </li> </ul> </li> </ul>

**Table 4: Summary of what will constitute neither supply of goods nor services mentioned in schedule III**

Negative List
<ul style="list-style-type: none"> <li>• Services by an employee to the employer in the course of or in relation to his employment.</li> <li>• Services by any court or Tribunal established under any law for the time being in force.</li> <li>• The functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities;</li> <li>• The duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or</li> <li>• The duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.</li> <li>• Services of funeral, burial, crematorium or mortuary including transportation of the deceased.</li> <li>• Sale of land and sale of building after construction.</li> <li>• Actionable claims, other than lottery, betting and gambling.</li> </ul>

### Chargeability of relevant Tax

CGST/SGST shall be levied on all Intra-State supplies of goods and/or services at the rate specified.

IGST shall be levied on all Inter-State supplies of goods and/or services at the rate specified.

Intra state supply of goods or services or both shall be where location of supplier and place of supply are in the same state, while Interstate supply of goods or services or both shall be where location of supplier and place of supply are in the different states or outside India.

#### What is location of supplier?

- i. Where a supply is made from a place of business for which the registration has been obtained, the location of such place of business;
- ii. Where a supply is made from a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment;
- iii. Where a supply is made from more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the provisions of the supply; and
- iv. In absence of such places, the location of the usual place of residence of the supplier.

#### What is location of receiver?

- i. Where a supply is received at a place of business for which the registration has been obtained, the location of such place of business;

- ii. Where a supply is received at a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment;
- iii. Where a supply is received at more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the receipt of the supply; and
- iv. In absence of such places, the location of the usual place of residence of the recipient

IGST act defines various scenarios in context with place of supply. Place of supply determines which tax has to be levied, i.e., IGST or CGST/SGST. Also place of supply is mandatorily required to be mentioned in Invoice as per the GST rules, in case of inter-state sales of goods and services. The concept of place of supply applicable in various situations are summarized below:

### Place of supply of goods other than supply of goods imported into, or exported from India

**Table 5: Summary of what will constitute place of supply of goods other imports and exports**

Place of Supply- Goods
<ul style="list-style-type: none"> <li>• Where the supply involves movement of goods, whether by the supplier or the recipient or by any other person, the place of supply of such goods shall be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient;</li> <li>• Where the goods are delivered by the supplier to a recipient or any other person on the direction of a third person, whether acting as an agent or otherwise, to the goods or otherwise, it shall be deemed that the said third person has received the goods and the place of supply of such goods shall be the principal place of business of such person;</li> <li>• Where the supply does not involve movement of goods, whether by the supplier or the recipient, the place of supply shall be the location of such goods at the time of the delivery to the recipient;</li> <li>• Where the goods are assembled or installed at site, the place of supply shall be the place of such installation or assembly;</li> <li>• Where the goods are supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle, the place of supply shall be the location at which such goods are taken on board.</li> </ul>

### Place of supply of goods imported into, or exported from India

**Table 6: Summary of what will constitute place of supply of goods imported and exported**

Place of Supply- Goods
<p>The place of supply of goods:</p> <ul style="list-style-type: none"> <li>• Imported into India shall be the location of the importer;</li> <li>• Exported from India shall be the location outside India.</li> </ul>

## Place of supply of services where location of supplier and recipient is in India

**Table 7: Summary of what will constitute place of supply of services where supplier and receiver of services are in India**

Place of Supply – Services
<ul style="list-style-type: none"> <li>• <b>General Rule</b></li> </ul> <p>Place of supply of services</p> <ul style="list-style-type: none"> <li>i. made to a registered person shall be the location of such person;</li> <li>ii. made to any person other than a registered person shall be,— <ul style="list-style-type: none"> <li>c. the location of the recipient where the address on record exists; and</li> <li>d. the location of the supplier of services in other cases.</li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>• <b>Specific rules</b></li> </ul> <p>The place of supply of services in case of :</p> <ul style="list-style-type: none"> <li>i. Immovable property in relation to below shall be the location at which the immovable property or boat or vessel, as the case may be, is located or intended to be located and if the location of the immovable property or boat or vessel is located or intended to be located outside India, the place of supply shall be the location of the recipient: <ul style="list-style-type: none"> <li>a. Directly in relation to an immovable property, including services provided by architects, interior decorators, surveyors, engineers and other related experts or estate agents, any service provided by way of grant of rights to use immovable property or for carrying out or co-ordination of construction work; or</li> <li>b. By way of lodging accommodation by a hotel, inn, guest house, home stay, club or campsite, by whatever name called, and including a house boat or any other vessel; or</li> <li>c. By way of accommodation in any immovable property for organising any marriage or reception or matters related thereto, official, social, cultural, religious or business function including services provided in relation to such function at such property; or</li> <li>d. Any services ancillary to the services referred to above,</li> <li>e. Where the immovable property or boat or vessel is located in more than one State or Union territory, the supply of services shall be treated as made in each of the respective States or Union territories, in proportion to the value for services separately collected or determined in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other basis as may be prescribed.</li> </ul> </li> <li>ii. The place of supply of restaurant and catering services, personal grooming, fitness, beauty treatment, health service including cosmetic and plastic surgery shall be the location where the services are actually performed.</li> <li>iii. The place of supply of services in relation to training and performance appraisal to <ul style="list-style-type: none"> <li>d. a registered person, shall be the location of such person;</li> <li>e. a person other than a registered person, shall be the location where the services are actually performed.</li> </ul> </li> </ul>

- iv. The place of supply of services provided by way of admission to a cultural, artistic, sporting, scientific, educational, entertainment event or amusement park or any other place and services ancillary thereto, shall be the place where the event is actually held or where the park or such other place is located.
- v. The place of supply of services provided by way of,—
- organisation of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to a conference, fair, exhibition, celebration or similar events; or
  - services ancillary to organisation of any of the events or services referred to above, or assigning of sponsorship to such events,—
    - a. to a registered person, shall be the location of such person;
    - b. to a person other than a registered person, shall be the place where the event is actually held and if the event is held outside India, the place of supply shall be the location of the recipient.
    - c. Where the event is held in more than one State or Union territory and a consolidated amount is charged for supply of services relating to such event, the place of supply of such services shall be taken as being in each of the respective States or Union territories in proportion to the value for services separately collected or determined in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other basis as may be prescribed.
- vi. The place of supply of services by way of transportation of goods, including by mail or courier to :
- a registered person, shall be the location of such person;
  - a person other than a registered person, shall be the location at which such goods are handed over for their transportation.
- vii. The place of supply of passenger transportation service to,—
- a registered person, shall be the location of such person;
  - a person other than a registered person, shall be the place where the passenger embarks on the conveyance for a continuous journey:
  - Where the right to passage is given for future use and the point of embarkation is not known at the time of issue of right to passage, the place of supply of such service shall be determined in accordance with the general rule.
  - The return journey shall be treated as a separate journey, even if the right to passage for onward and return journey is issued at the same time.
- viii. The place of supply of telecommunication services including data transfer, broadcasting, cable and direct to home television services to any person shall,—
- in case of services by way of fixed telecommunication line, leased circuits, internet leased circuit, cable or dish antenna, be the location where the telecommunication line, leased circuit or cable connection or dish antenna is installed for receipt of services;
  - in case of mobile connection for telecommunication and internet services provided on post-paid basis, be the location of billing address of the recipient of services on the record of the supplier of services;
  - in cases where mobile connection for telecommunication, internet service and direct to home television services are provided on pre-payment basis through a voucher or any other means :

- a. through a selling agent or a re-seller or a distributor of subscriber identity module card or re-charge voucher, be the address of the selling agent or re-seller or distributor as per the record of the supplier at the time of supply; or
  - b. by any person to the final subscriber, be the location where such prepayment is received or such vouchers are sold;
  - in other cases, be the address of the recipient as per the records of the supplier of services and where such address is not available, the place of supply shall be location of the supplier of services
  - Provided that where the address of the recipient as per the records of the supplier of services is not available, the place of supply shall be location of the supplier of services:
  - Provided further that if such pre-paid service is availed or the recharge is made through internet banking or other electronic mode of payment, the location of the recipient of services on the record of the supplier of services shall be the place of supply of such services.
  - Where the leased circuit is installed in more than one State or Union territory and a consolidated amount is charged for supply of services relating to such circuit, the place of supply of such services shall be taken as being in each of the respective States or Union territories in proportion to the value for services separately collected or determined in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other basis as may be prescribed.
- ix. The place of supply of banking and other financial services, including stock broking services to any person shall be the location of the recipient of services on the records of supplier of services, provided that if the location of recipient of services is not on the records of the supplier, the place of supply shall be the location of the supplier of services.
- x. The place of supply of insurance services shall :
- to a registered person, be the location of such person;
  - to a person other than a registered person, be the location of the recipient of services on the records of the supplier of services.
- xi. The place of supply of services on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle, shall be the location of the first scheduled point of departure of that conveyance for the journey.
- xii. The place of supply of advertisement services to the Central Government, a State Government, a statutory body or a local authority meant for the States or Union territories identified in the contract or agreement shall be taken as being in each of such States or Union territories and the value of such supplies specific to each State or Union territory shall be in proportion to the amount attributable to services provided by way of dissemination in the respective States or Union territories as may be determined in terms of the contract or agreement entered into in this regard or or, in the absence of such contract or agreement, on such other basis as may be prescribed.

## Place of supply of services where location of supplier or recipient is outside India

**Table 8: Summary of what will constitute place of supply of services where supplier or receiver of services are outside India**

Place of Supply – Services
<ul style="list-style-type: none"> <li>• <b>General Rule</b></li> </ul> <p>The place of supply of services except the services specified in specific rules shall be the location of the recipient of services. Provided that where the location of the recipient of services is not available in the ordinary course of business, the place of supply shall be the location of the supplier of services.</p>
<ul style="list-style-type: none"> <li>• <b>Specific rules</b></li> </ul>
<p>i. The place of supply of the following services shall be the location where the services are actually performed, namely</p> <ul style="list-style-type: none"> <li>• Services supplied in respect of goods which are required to be made physically available by the recipient of services to the supplier of services, or to a person acting on behalf of the supplier of services in order to provide the services, Provided that when such services are provided from a remote location by way of electronic means, the place of supply shall be the location where goods are situated at the time of supply of services, Provided further that nothing contained here shall apply in the case of services supplied in respect of goods which are temporarily imported into India for repairs and are exported after repairs without being put to any other use in India, than that which is required for such repairs</li> <li>• services supplied to an individual, represented either as the recipient of services or a person acting on behalf of the recipient, which require the physical presence of the recipient or the person acting on his behalf, with the supplier for the supply of services</li> </ul>
<p>ii. The place of supply of services supplied by way of admission to, or organisation of a cultural, artistic, sporting, scientific, educational or entertainment event, or a celebration, conference, fair, exhibition or similar events, and of services ancillary to such admission or organisation, shall be the place where the event is actually held.</p>
<p>iii. The place of supply of the following services shall be the location of the supplier of services, namely:</p> <ul style="list-style-type: none"> <li>• services supplied by a banking company, or a financial institution, or a non-banking financial company, to account holders;</li> <li>• intermediary services;</li> <li>• services consisting of hiring of means of transport, including yachts but excluding aircrafts and vessels, up to a period of one month.</li> </ul>
<p>iv. The place of supply of services of transportation of goods, other than by way of mail or courier, shall be the place of destination of such goods.</p>
<p>v. The place of supply in respect of passenger transportation services shall be the place where the passenger embarks on the conveyance for a continuous journey.</p>

- vi. The place of supply of services provided on board a conveyance during the course of a passenger transport operation, including services intended to be wholly or substantially consumed while on board, shall be the first scheduled point of departure of that conveyance for the journey.
- vii. The place of supply of online information and database access or retrieval services shall be the location of the recipient of services.

### **Mixed & Composite supply**

GST had introduced a concept of Mixed and Composite supply.

#### **Composite Supply**

Composite supply means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply. Accordingly, it shall be treated as supply of principal supply for tax purposes.

#### **Mixed Supply**

Mixed supply means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply. Accordingly, it shall be treated as supply which attracts the highest rate of Tax.

### **Reverse charge**

There are certain services which are taxable on reverse charge basis. The government has notified the list of goods and service on which tax is required to pay by the recipient of such goods and services. The lists of goods & services covered under 100% reverse charge are as under:



**Table 9: Goods under Reverse Charge**

Tariff item, sub-heading, heading or Chapter	Description of supply of Goods	Supplier of goods	Recipient of supply, liable to Reverse Charge
0801	Cashew Nuts, not shelled or peeled	Agriculturist	Any Registered person
1404 90 10	Bidi wrapper leaves (tendu)	Agriculturist	Any Registered person
2401	Tobacco Leaves	Agriculturist	Any Registered person
5004 to 5006	Silk Yarn	Any person who manufactures silk yarn from raw silk or silk worm cocoons for supply of silk yarn	Any Registered person
5201	Raw Cotton	Agriculturist	Any registered person
	Supply of Lottery	State Government, Union Territory or any local authority	Lottery distributor or selling agent
Any Chapter	Used vehicles, seized and confiscated goods, old and used goods, waste and scrap	Central Government, State Government, Union Territory or a local authority	Any registered person
Any Chapter	Priority Sector Lending Certificate	Any registered person	Any registered person

**Table 10: Services under Reverse Charge**

Services under reverse charge	Supplier of Service	Recipient of Service
<ul style="list-style-type: none"> <li>Supply of Services by a goods transport agency (GTA) who has not paid central tax at the rate of 6%, in respect of transportation of goods by road</li> </ul>	Goods Transport Agency	<ol style="list-style-type: none"> <li>Any factory registered under or governed by the Factories Act, 1948(63 of 1948); or</li> <li>Any society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India; or</li> <li>Any co-operative society established by or under any law; or</li> <li>Any person registered under the CGST Act or the IGST Act or the SGST Act or the UTGST Act; or</li> <li>Any body corporate established, by or under any law; or</li> <li>Any partnership firm whether registered or not under any law including association of persons; or</li> <li>Any casual taxable person ; Located in the taxable territory</li> </ol>

Services provided by an individual advocate including a senior advocate or firm of advocates by way of legal services, directly or indirectly to a business entity.	An individual advocate including a senior advocate or firm of advocates.	Any business entity located in the taxable territory.
Services supplied by an arbitral tribunal to a business entity.	An arbitral tribunal	Any business entity located in the taxable territory.
Services provided by way of sponsorship to any body corporate or partnership firm.	Any person	Any body corporate or partnership firm located in the taxable territory
Services supplied by the Central Government, State Government, Union territory or local authority to a business entity excluding,  (1) renting of immovable property, and  (2) services specified below-  (i) services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Central Government, State Government or Union territory or local authority;  (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;  (iii) transport of goods or passengers.	Central Government, State Government, Union territory or local authority	Any business entity located in the taxable territory.
Services supplied by the Central Government, State Government, Union territory or local authority by way of renting of immovable property to a person registered under the Goods and Services Tax Act, 2017	Central Government, State Government, Union territory or local authority	Any person registered under the Central Goods and Services Tax Act, 2017
Services supplied by a director of a company or a body corporate to the said company or the body corporate.	A director of a company or a body corporate	The company or a body corporate located in the taxable territory
Services supplied by an insurance agent to any person carrying on insurance business.	An insurance agent	Any person carrying on insurance business, located in the taxable territory.

Services supplied by a recovery agent to a banking company or a financial institution or a non-banking financial company.	A recovery agent	A banking company or a financial institution or a non-banking financial company, located in the taxable territory.
Supply of services by an author, music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 relating to original literary, dramatic, musical or artistic works to a publisher, music company, producer or the like	Author or music composer, photographer, artist, or the like	Publisher, music company, producer or the like, located in the taxable territory.
Supply of services by the members of Overseeing Committee to Reserve Bank of India	Members of Overseeing Committee constituted by the Reserve Bank of India	Reserve Bank of India
Services supplied by individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership firm to bank or non-banking financial company (NBFCs).	Individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership firm	A banking company or a non-banking financial company, located in the taxable territory.
Services provided by business facilitator (BF) to a banking company	Business facilitator (BF)	A banking company, located in the taxable territory
Services provided by an agent of business correspondent (BC) to business correspondent (BC)	An agent of business correspondent (BC)	A business correspondent, located in the taxable territory
<p>Security services (services provided by way of supply of security personnel) provided to a registered person:</p> <p>Provided that nothing contained in this entry shall apply to,</p> <p>(i)(a) a Department or Establishment of the Central Government or State Government or Union territory; or</p> <p>(b) local authority; or</p> <p>(c) Governmental agencies;</p> <p>which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under section 51 of the said Act and not for making a taxable supply of goods or services; or</p> <p>(ii) a registered person paying tax under section 10 of the said Act.</p>	Any person other than a body corporate	A registered person, located in the taxable territory

Intra State supplies of services by electronic commerce operator (ECO) by way of transportation of passengers by a radio-taxi, motorcab, maxicab and motor cycle	Any person	E-commerce Operator
Intra State supplies of services by electronic commerce operator (ECO) by way of providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, except where the person supplying such service through electronic commerce operator is liable for registration under CGST Act	Any person	E-commerce Operator
Intra State supplies of services by electronic commerce operator (ECO) by way of house-keeping, such as plumbing, carpentering etc, except where the person supplying such service through electronic commerce operator is liable for registration under sub-section (1) of section 22 of the said CGST Act.	Any person	E-commerce Operator
Supply of services by an author by way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub -section (1) of section 13 of the Copyright Act, 1957 relating to original literary works to a publisher.	Author	Publisher located in the taxable territory
Services provided by way of renting of a motor vehicle provided to a body corporate.	Any person other than a body corporate, paying central tax at the rate of 2.5% on renting of motor vehicles with input tax credit only of input service in the same line of business	Any body corporate located in the taxable territory.
Services of lending of securities under Securities Lending Scheme, 1997 ("Scheme") of Securities and Exchange Board of India ("SEBI"), as amended.	Lender i.e. a person who deposits the securities registered in his name or in the name of any other person duly authorised on his behalf with an approved intermediary for the purpose of lending under the Scheme of SEBI	Borrower i.e. a person who borrows the securities under the Scheme through an approved intermediary of SEBI."

## Composition Scheme

Government has introduced a composition scheme for small entrepreneurs to reduce the burden to tax and compliances. Like, any registered taxable person whose turnover does not exceeds rupees “one crore fifty lakh rupees” and rupees “seventy five lakh rupees” in case of special category states is eligible to take registration as a Composition dealer under GST.

However, Composition scheme is available subject to following conditions and restriction as prescribed therein:

- i. Traders, manufactures & restaurant services providers are eligible to opt this scheme.
- ii. he is not engaged in making any supply of goods which are not leviable to tax;
- iii. he is not engaged in making any inter-State outward supplies of goods;
- iv. he is not engaged in making any supply of goods through an electronic commerce operator who is required to collect tax at source;
- v. he is not a manufacturer of such goods as may be notified by the Government on the recommendations of the Council
- vi. As an exception a person supplying goods may supply services of value higher of followings:
  - a. 10% of turnover, or
  - b. Rs. 5,00,000

### Maximum rate of Taxes in composition scheme are

**Table 10: rate of tax in composition scheme**

Category of tax payer	CGST	SGST
Restaurant Service provider	2.5%	2.5%
Manufacturer	0.5%	0.5%
Traders & Other suppliers	0.5%	0.5%

### Key Points:

It is also clarified that if a person supply, by way of or as part of any service or in any other manner whatsoever, of goods being foods or any other article for human consumption and also supplies any exempt service including service by way of extending deposits, loan or advances. The said person shall not be eligible for the composition scheme.

## Registration

The purpose of any registration of business is to collect tax on behalf of the government and to claim input tax credit on inward supplies. Without registration it is not possible to charge output tax and claim input tax credit. Under GST every supplier of goods or services needs to get registered. However, small scale business having services or both service and goods all India aggregate turnover below INR 2,000,000 (in case hill and north east states it is INR 1,000,000) need not required to get registered. However, such suppliers can opt a voluntary registration. And also person is not required to get registered if he is engaged in exclusive supply of goods and his aggregate turnover does not exceed INR 4,000,000 subject to following conditions:

1. He is not required to take compulsory registration
2. He is not engaged in making supply of Ice cream and other edible ice, Pan Masala or Tobacco manufacture.
3. He is not registered in the state of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura, Uttarakhand
4. He is registered voluntarily under this Act.

Mandatory registration has been introduced for certain category of persons i.e. persons making interstate supplies (with certain exception), casual taxable persons, persons who are required to pay tax under reverse charge , person supplying online information & database access & retrieval services to non registered persons, non-resident taxable persons, persons required to deduct tax at source , e-commerce entities required to collect tax at source (with certain exception), persons supplying goods through e-commerce entities , input service distributors, agents.

The threshold amount includes all supplies made by the taxable person, whether on his own account or made on behalf of all his principals includes the aggregate value of all taxable supplies and exempt supplies of a person having same PAN but excludes the value of inward supplies on which tax is payable by a person on reverse charge basis.

### Due date to take registration

Every person is liable to take registration under GST when the taxable supply of goods or services or both cross the threshold limit as specified in the Act. Every person is liable to be registered within 30 days from the date on which he becomes liable to pay.

Note: Any supplier who is making supplies which are taxable under reverse charge and tax shall be paid by the recipient thereon; in such case no requirement for supplier to take registration under the Act.

## Issue of Certificate

The department issues a Registration Certificate in Form REG-06. The registration in GST is PAN based and state specific. There is 15 digit GST identification number called "GSTN". The first two digit of the GSTN is the state code and 10 digits are the PAN of legal entity code, the next two digits are for entity code and last two digits are sum number. Where, the GST registration is compulsory for Inter-State Movement of goods or services or both however the department has exempted to obtain such registration under following conditions, namely:

- a. Any person whose aggregate total turnover is less than Rs. 20 Lakh (10 lakh in special category of states)
- b. Any electronic commerce operator who is liable to collect tax at source and having aggregate turnover is not exceeding Rs. 20 lakhs (INR 10 lakhs in Special Category of states).
- c. Any Job worker who is making interstate supply of services to a registered person and his aggregate total turnover are below Rs. 20 lakh.

***Where it is found necessary by the proper officer that the physical verification of place of business of registered person is required after the grant of registration. The proper officer shall verify and uploaded the supported documents, photographs and verification report on common portal in Form GST REG-30 within 15 days from the date of such verification.***

## Amendment of Registration

Every registered person who wants to amend his registration certificate i.e. Change in the constitution of business, address of business, and change in authorised signatory etc. An online application in Form GST REG-14 can be filed within 15 days from the date of such change. Further, a registered person is able to change his core information in the application form without requiring any specific approval from tax authority.

If the proper officer finds that the furnished details are incomplete or incorrect, in such case a show cause notice shall be served by the proper officer in Form GST REG-03 to the registered person, as to why the submitted application shall not be rejected. The registered person shall reply such notice in Form GST REG-04 within seven days. Where the proper officer is not satisfied with the submitted details and documents, he shall be cancelled the application and inform the applicant on online Form GST REG-05. Cancellation of Registration

Any registered person who desirous to cancel his registration shall file an application in Form GST REG-16 on common portal within 30 days from the date of event warranting cancellation. Any taxable person can cancell their registration if it has opted such registration on voluntary basis and where the registration is liable to be cancelled in following conditions, namely:

- a. When the person is not doing business from registered place of business;
- b. Issue invoice or bill without supply of goods or services;

The proper officer shall issue an order in Form GST REG-20 that the said application has been approved.

## E-commerce operators

In order to improve compliance and improve administration of tax, e-commerce operators have been made liable to collect tax at source at the rate of one percent from net supplies of suppliers routed through their E-Commerce network.

### What is E- Commerce?

Electronic commerce means the supply of goods or services or both, including digital products over digital or electronic network;

### Who is E- Commerce operator?

Electronic commerce operator means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce.

Examples of E- Commerce operator Flipkart, Amazon, Ola are the best example of e-commerce operators

## Non-resident & casual taxable person

Advance GST mechanism has been introduced for Non-resident & casual taxable person covering liability for a specified period. Registration needs to be taken five days prior to start the business by Non-resident & casual taxable person and the certificate of registration issued to a casual taxable person or a non-resident taxable person shall be valid for the period specified in the application for registration or ninety days from the effective date of registration, whichever is earlier and such person shall make taxable supplies only after the issuance of the certificate of registration.

### Who are casual taxable person?

“Casual taxable person” means a person who occasionally undertakes transactions involving supply of goods or services or both in the course or furtherance of business, whether as principal, agent or in any other capacity, in a State or a Union territory where he has no fixed place of business.

### Registration of Casual Taxable Person

Any person who wants to apply for casual taxable person shall file an online application in Form GST REG-01 at least five days prior to the commencement of business. A temporary reference number shall be provided to the application for making an advance payment of tax.



The casual taxable person can make supply of goods or services or both once the certification of registration shall be issued. Such registration shall be valid for a period of 90 days. Validity shall be increased to further 90 days on the request of the taxable person made on GST portal electronically.

The casual taxable person is required to pay tax in advance on the estimated value of turnover. Any balance remains after adjustment of tax at the end of the period will be refund back and any balance remain unpaid at the end of the period shall be paid through GST challan PMT-06.

### **Return**

The casual taxable person is required to furnish the returns i.e. through GSTR-1 and GSTR-3B. Any taxable person can choose the facility to file the return on monthly or quarterly on the basis of his turnover.

### **Who are Non Resident taxable person?**

“Non-resident taxable person” means any person who occasionally undertakes transactions involving supply of goods or services or both, whether as principal or agent or in any other capacity, but who has no fixed place of business or residence in India.

### **Registration for Non-Resident Taxable Person**

A compulsory registration in Form GST REG-09 is required in case of non-resident taxable person, irrespective of the threshold limit. Such application shall be filed within 5 days prior to the commencing of business. An advance deposit of tax an amount equivalent to his estimated tax liability for the period for which registration is sought.

Input Tax Credit No Input Tax Credit shall be available to the taxable person in respect of goods or services or both, except the goods imported by him. Any outward taxable supplies made by the Non – Resident taxable person shall be available as input tax credit to the recipient for claiming input tax credit.

### **Return and Refund**

The non-resident taxable person shall furnish his return in Form GSTR-5 on monthly basis, including the details of outward taxable supplies, inward supplies, Interest, fees or any other amount. The return shall be filed within 20 days of the succeeding month or within 7days after the expiry of registration.

The amount of advance deposit by non-resident taxable person at the time of registration will be refunded once the person has furnished all the returns required in respect of the entire period. Refund can be applied in serial 13 of Form GSTR-5.

## Valuation of Taxable supply

The general rule for valuation of taxable supply in case of unrelated parties and where price is the sole consideration for supply is the transaction value. In case money is not the sole consideration, the value of supply shall imply open market value of supply and if open market value is not available it shall be valuation equivalent to consideration in cash or kind. Further still if value cannot be determined then it shall be based on comparable value of the similar goods and services. Transactional value shall include all taxes other than GST taxes, any other incidental charges, payments made by recipient on behalf of supplier, interest or late fee charged by supplier, subsidies (other than state or central subsidy) received by supplier. Discounts before or at the time of supply are allowed as deduction, post supply discounts are also allowed as deduction subject to certain conditions.

Specific rules have been prescribed for valuation of taxable supplies of related parties, agents, travel agents, insurance companies and money changers.

For related persons and distinct persons (distinct person's are person's having same PAN state / vertical wise), the valuation is determined as open market value of supply and if open market value is not available it shall be based on comparable value of the similar goods and services. Further still if value cannot be determined then residual methods have to be followed. In case of goods the taxpayer further has an option to choose to value supplies at 110% of cost for GST purposes. In case where recipient of supply of goods or services or both is eligible for full input credit, then value declared by supplier on invoice shall be deemed to be open market value of goods or services.

For agents the valuation is determined as open market value of supply and in case of goods the supplier further supplier has an option to choose ninety percent of arms length market price of supply of goods to be the value for GST purposes. Further still if value cannot be determined then residual methods have to be followed.

Residual method for valuation of supply of goods or services or both based on cost considers that the value shall be one hundred and ten percent of the cost of production or manufacture or cost of acquisition of such goods or cost of provision of such services. As a last option in terms of residual method the tax payer who is unable to determine the value as per any prescribed rule can determine value of supply using reasonable means consistent with the principles and general provisions of valuation under GST and its rules. Further it is provided that in case of supply of services, the supplier may opt for this rule, disregarding cost plus markup rule.

## Pure Agent

### What is Pure Agent?

“Pure Agent” means a person who - (a) enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both; (b) neither intends to hold nor holds any title to the goods or services or both so procured or supplied as pure agent of the recipient of supply; (c) does not use for his own interest such goods or services so procured; and (d) receives only the actual amount incurred to procure such goods or services in addition to the amount received for supply he provides on his own account

### Valuation in case of pure agent

In case of pure agent the expenditure or costs incurred by a supplier as a pure agent of the recipient of supply shall be excluded from the value of supply, if all the following conditions are satisfied, namely:- (i) the supplier acts as a pure agent of the recipient of the supply, when he makes payment to the third party on authorization by such recipient; (ii) the payment made by the pure agent on behalf of the recipient of supply has been separately indicated in the invoice issued by the pure agent to the recipient of service; and (iii) the supplies procured by the pure agent from the third party as a pure agent of the recipient of supply are in addition to the services he supplies on his own account.

### Rate of exchange of currency, other than Indian rupees, for determination of value

The rate of exchange for determination of value of taxable goods shall be the applicable exchange rate notified by the board under Section 14 of the Customs Act on the date of time of supply in respect of such supply.

The rate of exchange for determination of value of taxable services shall be the applicable exchange rate determined as per the generally accepted accounting principles on the date of time of supply in respect of such supply.

### Value of supply cum GST

Where the value of supply is inclusive of integrated tax or, as the case may be, central tax, State tax, Union territory tax, the tax amount shall be determined in the following manner:

Tax amount= Value inclusive of taxes X tax rate in % of IGST or as the case may be CGST, SGST or UTGST / (100+ sum of tax rates, as applicable, in %)

## Export of goods and services

### What are exports of Goods?

“Export of goods” with its grammatical variations and cognate expressions, means taking goods out of India to a place outside India

### What are exports of services?

Export of Services means supply of any service when the following conditions are met:

1. The supplier of service is located in India;
2. The recipient of service is located outside India;
3. The place of supply of service is outside India;
4. The payment for such service has been received by the supplier of service in convertible foreign exchange or in Indian rupees wherever permitted by RBI and
5. The supplier of service and the recipient of service are not merely establishments of a distinct person

It is to be noted in case of export of services, consideration is to be received in convertible foreign exchange (except the cases where RBI permitted to receive INR instead of convertible foreign exchange), otherwise the supply will not qualify as export and the same would be liable to IGST.

### Zero rated supplies

Zero rated supply means any of the following supplies of goods or services or both not subject to Tax:

1. export of goods or services or both; or
2. Supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.

### Other features of Zero rated supplies

1. Credit of input tax (both goods and services) may be availed for making zero-rated supplies, notwithstanding that such supply may be an exempt supply.
2. A registered person making zero rated supply shall be eligible to claim refund under either of the following options: (a) he may supply goods or services or both under Letter of Undertaking, subject to such conditions, safeguards and procedure as may be prescribed, without payment of integrated tax and claim refund of unutilised input tax credit; or (b) he may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such tax paid on goods or services or both supplied.

### **GST on Purchase of Goods meant for Exports by Merchant Exporter**

In order to reduce the problem of blockage of Working Capital, Government has notified a reduced rate of IGST (@0.1%) and CGST/SGST (@0.05% each) on the purchase of goods subject to the fulfilment of the following conditions:

- i. the registered supplier shall supply the goods to the registered recipient on a tax invoice;
- ii. the registered recipient shall export the said goods within a period of ninety days from the date of issue of a tax invoice by the registered supplier;
- iii. the registered recipient shall indicate the GSTIN of the registered supplier and the tax invoice number issued by the registered supplier in respect of the said goods in the shipping bill or bill of export, as the case may be;
- iv. the registered recipient shall be registered with an Export Promotion Council or a Commodity Board recognized by the Department of Commerce;
- v. the registered recipient shall place an order on registered supplier for procuring goods at concessional rate and a copy of the same shall also be provided to the jurisdictional tax officer of the registered supplier.
- vi. the registered recipient shall move the said goods from place of registered supplier:
  - a. directly to the Port, Inland Container Depot, Airport or Land Customs Station from where the said goods are to be exported; or
  - b. directly to a registered warehouse from where the said goods shall be move to the Port, Inland Container Depot, Airport or Land Customs Station from where the said goods are to be exported;
- vii. if the registered recipient intends to aggregate supplies from multiple registered suppliers and then export, the goods from each registered supplier shall move to a registered warehouse and after aggregation, the registered recipient shall move goods to the Port, Inland Container Depot, Airport or Land Customs Station from where they shall be exported;
- viii. in case of situation referred to in condition (vii), the registered recipient shall endorse receipt of goods on the tax invoice and also obtain acknowledgement of receipt of goods in the registered warehouse from the warehouse operator and the endorsed tax invoice and the acknowledgment of the warehouse operator shall be provided to the registered supplier as well as to the jurisdictional tax officer of such supplier; and
- ix. when goods have been exported, the registered recipient shall provide copy of shipping bill or bill of export containing details of GSTIN and tax invoice of the registered supplier along with proof of export general manifest or export report having been filed to the registered supplier as well as jurisdictional tax officer of such supplier.

It is also provided that the registered supplier shall not be eligible for the above mentioned exemption if the registered recipient fails to export the said goods within a period of ninety days from the date of issue of tax invoice.

## Deemed Exports in GST

Deemed Exports refers to supplies of goods manufactured in India and notified as deemed exports. The goods supplied do not leave India and payment for such supplies is received either in Indian rupees or in convertible foreign exchange.

Deemed exports are not zero rated supplies by default, unlike the regular exports. Hence all supplies notified as supply for deemed export will be subject to levy of taxes i.e. such supplies can be made on payment of tax and cannot be supplied under an LUT. However, the refund of tax paid on the supply regarded as Deemed export is admissible to either the supplier or the recipient.

The following categories of supply of goods has been declared as Deemed Exports:

S. No.	Description of Supply
1.	Supply of goods by a registered person against Advance Authorisation
2.	Supply of capital goods by a registered person against Export Promotion Capital Goods Authorisation
3.	Supply of goods by a registered person to Export Oriented Unit
4.	Supply of gold by a bank or Public Sector Undertaking specified in the notification No. 50/2017-Customs, dated the 30th June, 2017 (as amended) against Advance Authorisation

## Import of goods and services

As per CBEC under the GST regime, Article 269 A constitutionally mandates that the supply of goods, or of services, or both in the course of import into the territory of India shall be deemed to be supply of goods, or of services, or both in the course of inter-State trade or commerce for levy of integrated tax. So import of goods or services will be treated as deemed inter-State supplies and would be subject to Integrated tax. While IGST on import of services would be leviable under the IGST Act, the levy of the IGST on import of goods would be levied under the Customs Act, 1962 read with the Custom Tariff Act, 1975. The importer of services will have to pay tax on reverse charge basis. However, in respect of import of online information and database access or retrieval services (OIDAR) by unregistered, non-taxable recipients, the supplier located outside India shall be responsible for payment of taxes. Either the supplier will have to take registration or will have to appoint a person in India for payment of taxes.

### What is import of goods ?

Import of goods with its grammatical variations and cognate expressions, means bringing goods into India from a place outside India

## What is import of services?

Import of services means the supply of any service, where

- the supplier of service is located outside India;
- the recipient of service is located in India; and
- the place of supply of service is in India

**The details of location of recipient & supplier and place of supply are already been discussed in section of Chargeability of relevant Tax.**

## Import of Goods

As per CBEC all imports shall be deemed as inter-State supplies and accordingly Integrated tax shall be levied in addition to the applicable Custom duties. The IGST Act, 2017 provides that the integrated tax on goods imported into India shall be levied and collected in accordance with the provisions of the Customs Tariff Act, 1975 on the value as determined under the said Act at the point when duties of customs are levied on the said goods under the Customs Act, 1962. The integrated tax on goods shall be in addition to the applicable Basic Customs Duty (BCD) which is levied as per the Customs Tariff Act. In addition, GST compensation cess, may also be leviable on certain luxury and de-merit goods under the Goods and Services Tax (Compensation to States) Cess Act, 2017.

The Customs Tariff Act, 1975 has accordingly been amended to provide for levy of integrated tax and the compensation cess on imported goods. Accordingly, goods which are imported into India shall, in addition to the Basic Customs duty, be liable to integrated tax at such rate as is leviable under the IGST Act, 2017 on a similar article on its supply in India. Further, the value of the goods for the purpose of levying integrated tax shall be, assessable value plus Customs Duty levied under the Act, and any other duty chargeable on the said goods under any law for the time being in force as an addition to, and in the same manner as, a duty of customs.

The value of the imported article for the purpose of levying cess shall be, assessable value plus Basic Customs Duty levied under the Act, and any sum chargeable on the goods under any law for the time being, in force as an addition to, and in the same manner as, a duty of customs. The integrated tax paid shall not be added to the value for the purpose of calculating cess.

The Customs Act, 1962 provides for removal of goods from a customs station to a warehouse without payment of duty. The said Act has been amended to include 'warehouse' in the definition of "customs area" in order to ensure that an importer would not be required to pay the Integrated tax at the time of removal of goods from a customs station to a warehouse.

Input tax credit of integrated tax: The definition of “input tax” in relation to a registered person also includes the integrated tax charged on import of goods. Thus, input tax credit of the integrated tax paid at the time of import shall be available to the importer and the same can be utilized by him as Input Tax credit for payment of taxes on his outward supplies. The integrated tax shall, in essence, be a pass-through to that extent. The Basic Customs Duty (BCD), shall however, not be available as input tax credit. HSN (Harmonised System of Nomenclature) code would be used for the purpose of classification of goods under the GST regime.

As per IGST Act, 2017 the place of supply of goods, imported into India shall be the location of the importer.

### **Import of Services**

As per CBEC, Import of services has specifically been defined under IGST Act, 2017 and refers to supply of any service where the supplier is located outside India, the recipient is located in India, and the place of supply of service is in India.

As per the provisions contained in the CGST Act, 2017, import of services under consideration of whether or not in the course or furtherance of business, shall be considered as a supply. Thus, in general, imports of services without consideration shall not be considered as supply. However, business test is not required to be fulfilled for import of service to be considered as supply.

Furthermore, in view of the provisions contained in Schedule I of the CGST Act, 2017, the import of services by a taxable person from a related person or from a distinct person, in the course or furtherance of business shall be treated as supply even if it is made without any consideration.

As per the provisions contained of the IGST Act, all imports of services made on or after the appointed day will be liable to integrated tax regardless of whether the transactions for such import of services had been initiated before the appointed day. However, if the tax on such import of services had been paid in full under the existing law, no tax shall be payable on such import under the IGST Act. In case the tax on such import of services had been paid in part under the existing law, the balance amount of tax shall be payable on such import under the IGST Act.

IGST provides for determination of place of supply (as discussed earlier) in cases wherein the location of the supplier of services or the recipient of services is outside India and provides the place of supply in relation to international or cross-border supply of services. Place of supply of a service shall determine as to whether a service can be termed as import or export of service.



## Input Tax Credit

One of the moot reasons for bringing in the GST regime was to enable availability of seamless credit for indirect taxes. GST has addressed the problem of cascading effect of current indirect tax regime. GST has prescribed certain conditions for availing Input tax credit. The GST regulations also contain certain blocked credits for which no input is available. Various methodologies have been notified for distribution of common credit, treatment of credit in case exempted & Zero rated supplies.

- Where the goods or services or both are used by the registered person partly for the purpose of any business and partly for other purposes, the amount of credit shall be restricted to so much of the input tax as is attributable to the purposes of his business.
- Where the goods or services or both are used by the registered person partly for effecting taxable supplies including zero-rated supplies and partly for effecting exempt supplies, the amount of credit shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies. The value of exempt supply shall include supplies on which the recipient is liable to pay tax on reverse charge basis, transactions in securities, sale of land and sale of under construction building.
- As an exception to general rule a banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances shall have the option to either comply with the general rule, or avail of, every month, an amount equal to fifty per cent. of the eligible input tax credit on inputs, capital goods and input services in that month and the rest shall lapse
- Input tax credit shall be availed by a registered person if:
  - i. He is in possession of tax invoice or any other specified tax paying document.
  - ii. He has received the goods or services.
  - iii. Tax is actually paid by the supplier to the Government.
  - iv. He has furnished the return.
  - v. If the inputs are received in lots, he will be eligible to avail the credit only when the last lot of the inputs is received.
  - vi. He should pay the supplier the value of the goods or services along with the tax within 180 days from the date of issue of invoice, failing which the amount of credit availed by the recipient would be added to his output tax liability, with interest. However, once the amount is paid, the recipient will be entitled to avail the credit again. In case part payment has been made, proportionate credit would be allowed.
  - vii. In order to match inputs with the corresponding outputs details the government has put a limit on avilment of input tax credit in respect of all those invoices which are not reflected in GSTR 2A on the common portal. Now the input tax credit of all those invoices which are not reflected in GSTR 2A shall not exceed 20% of total eligible credit which are reflected in GSTR 2A on GST portal.

**Documents on the basis of which credit can be availed**

- Invoice issued by a supplier of goods or services or both
- Invoice issued by recipient along with proof of payment of tax
- A debit note issued by supplier
- Bill of entry or similar document prescribed under Customs Act
- Revised invoice
- Document issued by Input Service Distributor

**Blocked Credit**

**Input tax credit shall not be available in respect of the following inputs:**

**Table 11: Summary of what will constitute blocked input tax credit**

Blocked Input Credit
<ul style="list-style-type: none"> <li>• Motor vehicles (seating capacity of less than 13 person including the driver) and other conveyances except when they are used:               <ul style="list-style-type: none"> <li>i. for making the following taxable supplies :                   <ul style="list-style-type: none"> <li>a. further supply of such vehicles or conveyances ; or</li> <li>b. transportation of passengers; or</li> <li>c. imparting training on driving, flying, navigating such vehicles or conveyances;</li> </ul> </li> <li>ii. for transportation of goods;</li> </ul> </li> <li>• Vessels and aircraft except when they are used               <ul style="list-style-type: none"> <li>i. for further supply of vessels or aircrafts</li> <li>ii. transportation of passenger</li> <li>iii. imparting training or navigating such vessels</li> <li>iv. imparting training on flying such aircraft</li> <li>v. for transportation of goods</li> </ul> </li> <li>• Service of general insurance, repair and maintenance, in relation to above motor vehicles, vessels or aircraft except when such vehicle used for above mentioned activities</li> </ul>

**Table 11 (Contd): Summary of what will constitute blocked input tax credit**

Blocked Input Credit
<ul style="list-style-type: none"> <li>• The following supply of goods or services or both:               <ul style="list-style-type: none"> <li>i. food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, leasing, renting or hiring of motor vehicles, vessels or aircraft except where an inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply;</li> <li>ii. membership of a club, health and fitness centre;</li> <li>iii. rent-a-cab, life insurance and health insurance except where:                   <ul style="list-style-type: none"> <li>a. the Government notifies the services which are obligatory for an employer to provide to its employees under any law for the time being in force; or</li> <li>b. such inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as part of a taxable composite or mixed supply; and</li> </ul> </li> <li>iv. travel benefits extended to employees on vacation such as leave or home travel concession;</li> </ul> </li> <li>• works contract services when supplied for construction of an immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service;</li> <li>• goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.</li> <li>• goods or services or both on which tax has been paid under composition scheme;</li> <li>• goods or services or both received by a non-resident taxable person except on goods imported by him;</li> <li>• goods or services or both used for personal consumption;</li> <li>• goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples; and</li> <li>• any tax paid in accordance with the penal provisions GST</li> </ul>

### **Input Service Distributor**

An entity can register its self as input service distributor , in case it is involved in distribution of input tax credit , accordingly an Input Service Distributor means an office of the supplier of goods or services or both which receives tax invoices issued towards the receipt of input services and issues a prescribed document for the purposes of distributing the credit of central tax, state tax, integrated tax or Union territory tax paid on the said services to a supplier of taxable goods or services or both having the same Permanent Account Number as that of the said office.

### Special circumstances under which ITC is available

- A person who has applied for registration within 30 days of becoming liable for registration is entitled to ITC of input tax in respect of goods held in stock (inputs as such and inputs contained in semi-finished or finished goods) on the day immediately preceding the date from which he becomes liable to pay tax.
- A person who has taken voluntary registration is entitled to ITC of input tax in respect of goods held in stock (inputs as such and inputs contained in semi-finished or finished goods) on the day immediately preceding the date of registration.
- A person switching over to normal scheme from composition scheme under section 10 is entitled to ITC in respect of goods held in stock (inputs as such and inputs contained in semi-finished or finished goods) and capital goods on the day immediately preceding the date from which he becomes liable to pay tax as normal taxpayer.
- Where an exempt supply of goods or services or both become taxable, the person making such supplies shall be entitled to take ITC in respect of goods held in stock (inputs as such and inputs contained in semi-finished or finished goods) relating to exempt supplies. He shall also be entitled to take credit on capital goods used exclusively for such exempt supply subject to reductions for the earlier usage.
- ITC, in all the above cases, is to be availed within 1 year from the date of issue of invoice by the supplier.
- In case of change of constitution of a registered person on account of sale, merger, demerger etc, the unutilised ITC shall be allowed to be transferred to the transferee.
- A person switching over from composition scheme to normal scheme or where a taxable supply becomes exempt, the ITC availed in respect of goods held in stock (inputs as such and inputs contained in semi-finished or finished goods) as well as capital goods will have to be paid.

## Time of Supply

The liability to pay tax on goods and services shall arise at the time of supply

### Time of supply of goods

**Table 12: Summary of time of supply of goods**

#### Blocked Input Credit

- **General rule**

The time of supply of goods shall be the earlier of the following dates, namely:

- the date of issue of invoice by the supplier or the last date on which the supplier is legally bound to issue the invoice with respect to the supply i.e. before or at the time of removal of goods for supply to the recipient, where the supply involves movement of goods; or delivery of goods or making available thereof to the recipient, in any other case, issue a tax invoice showing the description, quantity and value of goods, the tax charged thereon; or
- the date on which the supplier receives the payment with respect to the supply, i.e., the date on which payment is entered in books of accounts of the supplier or the date on which the payment is credited to his bank account, whichever is earlier:

Further where the supplier of taxable goods receives an amount upto one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice in respect of such excess amount.

Further, the government on the recommendations of the GST Council has notified the registered persons (who have not opted for composition levy) as the class of persons who shall pay GST on outward supply of goods at the time of issue of invoice (or the last date by which invoice has to be issued). Therefore, all taxpayers (except composition taxpayers) are exempted from paying GST at the time of receipt of advance in relation to supply of goods. The entire GST shall be payable only when the invoice is issued for such supply of goods.

- In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earliest of the following dates, namely:—
  - the date of the receipt of goods; or
  - the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or
  - the date immediately following thirty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:

However, where it is not possible to determine the time of supply under clause (i) or clause (ii) or clause (iii), the time of supply shall be the date of entry in the books of account of the recipient of supply.

- In case of supply of vouchers<sup>1</sup> by a supplier, the time of supply shall be:
  - i. the date of issue of voucher, if the supply is identifiable at that point; or
  - ii. the date of redemption of voucher, in all other cases.
- Where it is not possible to determine the time of supply under the above provisions the time of supply shall be
  - i. in a case where a periodical return has to be filed, be the date on which such return is to be filed; or
  - ii. in any other case, be the date on which the tax is paid.

### Time of supply of services

**Table 13: Summary of time of supply of Services**

#### Blocked Input Credit

- **General rule**

The time of supply of services shall be the earliest of the following dates, namely:

- i. the date of issue of invoice by the supplier, if the invoice is issued before or after the provision of service but within a prescribed period of thirty days and forty five days in case of banking companies and financial institutions, whichever is earlier; or
- ii. the date of provision of service, if the invoice is not issued within the period prescribed above or the date of receipt of payment, whichever is earlier; or
- iii. the date on which the recipient shows the receipt of services in his books of account, in a case where the provisions of clause (i) or clause (ii) do not apply:

Further where the supplier of taxable service receives an amount upto one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice relating to such excess amount.

- In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely:-
  - i. the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or
  - ii. the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:

Provided that where it is not possible to determine the time of supply under clause (i) or clause (ii), the time of supply shall be the date of entry in the books of account of the recipient of supply:

- Provided further that in case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply shall be the date of entry in the books of account of the recipient of supply or the date of payment, whichever is earlier.

- In case of supply of vouchers by a supplier, the time of supply shall be—
  - i. the date of issue of voucher, if the supply is identifiable at that point; or
  - ii. the date of redemption of voucher, in all other cases.
- Where it is not possible to determine the time of supply under the above provisions
  - i. in a case where a periodical return has to be filed, be the date on which such return is to be filed; or
  - ii. in any other case, be the date on which the tax is paid.

## Payment of Tax

### Due date of payment of tax

Due date for payment of GST for normal suppliers is 20 days from the end of the tax month. For suppliers registered under composition scheme the due date of payment of tax is 18 days after the end of the relevant quarter.

### Payment of GST

Payment of GST can be made through Electronic cash ledger and electronic credit ledger

### What is electronic liability register?

The electronic liability register is maintained in FORM GST PMT-01 for each person liable to pay tax, interest, penalty, late fee or any other amount on the common portal and all amounts payable by him shall be debited to the said register. The electronic liability register will be maintained in two parts on the common portal.

Part I will be for maintaining the return related liabilities. All liabilities accruing due to return and payments made against the same will be recorded in this part of the register. Liabilities due to opting for composition and cancellation of registration will also be covered in this part. Such liabilities shall be populated in the liability register of the tax period in which the date of application or order falls, as the case may be.

Part II will be for maintaining the complete description of the transactions of all liabilities accruing, other than return related liabilities. Such other liabilities may include the following:

- Liabilities due to reduction or enhancement in the amount payable due to decision of appeal, rectification, revision, review etc.;
- Refund of pre-deposit that can be claimed for a particular demand if appeal is allowed;
- Payment made against the show cause notice or any other payment made voluntarily;
- Reduction in amount of penalty (which would be automatically shown) based on payment made after show cause notice or within the time specified in the Act or the rules.

### What is Electronic Cash Ledger?

Every deposit made towards tax, interest, penalty, fee or any other amount by a person by internet banking or by using credit or debit cards or National Electronic Fund Transfer or Real Time Gross Settlement or by such other mode and subject to such conditions and restrictions as may be prescribed, shall be credited to the electronic cash ledger of such person.

The amount available in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of GST. The Electronic cash ledger is maintained under GST PMT-05. The TDS or TCS as applicable shall be reflected in electronic cash register of the registered person.

### What is Electronic Credit Ledger?

The electronic credit ledger shall be maintained in FORM GST PMT-02 for each registered person eligible for input tax credit on the common portal and every claim of input tax credit will be credited to this ledger. The amount available in the electronic credit ledger can be used for making any payment towards output tax.

### How to Pay?

#### Through Cash

Payment of GST is to be made by challan in Form GST PMT-06. Over the Counter payment (OTC) payment can be made through authorized banks for deposits up to ten thousand rupees per challan per tax period, by cash, cheque or demand draft and for payment above that amount the payment should be made through digital mode only.

GST PMT-06 would be valid for fifteen days on the common GST portal.

#### Through input credit

The amount of input tax credit available in the electronic credit ledger shall be utilized to pay out tax in following manner

- i. **Integrated tax** shall first be utilised towards payment of integrated tax and the amount remaining, if any, may be utilised towards the payment of Central tax or State tax, or as the case may be, Union territory tax, in that order;
- ii. **The Central tax** shall first be utilised towards payment of central tax and the amount remaining, if any, may be utilised towards the payment of integrated tax;
- iii. **The State tax** shall first be utilised towards payment of State tax and the amount remaining, if any, may be utilised towards payment of integrated tax;
- iv. **The Union territory tax** shall first be utilised towards payment of Union territory tax and the amount remaining, if any, may be utilised towards payment of integrated tax;



- v. The central tax shall not be utilised towards payment of State tax or Union territory tax; and
- vi. The State tax or Union territory tax shall not be utilised towards payment of central tax.

It is to be noted that the balance of input tax credit held in CGST ledger or SGST ledger shall be utilized only after the full utilization of balance of input credit held in IGST ledger.

### Interest on delayed payment of Tax

### Delay in payment of Output GST

Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding eighteen per cent. The interest would be calculated from the day succeeding the day on which such tax was due to be paid.

### Undue or excess claim or deduction

A taxable person who makes an undue or excess claim of input tax credit or undue or excess reduction in output tax liability shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent.

### Tax Invoice, Debit and Credit notes

Any registered person supplying goods or services or both is required to issue an invoice in respect of every supply of goods or services. GST regime has prescribed numerous details which are required to be mentioned on various outward documents the supplier will issue while complying with various rules and regulations formulated under it.

The following are main document and their features in the GST regulations

Table 14: Summary of usage of various types of outward documents / invoices

S. No.	Document Type	Usage
1.	Tax Invoice	To be issued by registered supplier of goods or services or both showing the description, quantity of goods, HSN/ SAC and value of goods/services and the relevant tax charged thereon. Tax invoice may not be issued in case supply is less than INR 200 and recipient is not a registered person and recipient does not require an invoice; in this case a consolidated invoice shall be issued by the supplier for such supplies at the end of the day.
2.	RCM invoice	A registered person who is liable to pay tax under reverse charge shall issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both.

3.	Bill of Supply	A registered person supplying exempted goods or services or both or paying tax under the composition scheme shall issue, instead of a tax invoice, a bill of supply.
4.	Receipt Voucher	A registered person shall, on receipt of advance payment with respect to any supply of goods or services or both, issue a receipt voucher evidencing receipt of such payment.
5.	Refund Voucher	To be issued by a registered person where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment
6.	Payment Voucher	A registered person who is liable to pay tax under reverse charge shall issue a payment voucher at the time of making payment to the supplier
7.	Revised invoice/ debit note/credit note (as applica- ble)	A registered person may, within one month from the date of issuance of certificate of registration, issue a revised invoice against the invoice already issued during the period beginning with the effective date of registration till the date of issuance of certificate of registration to him. Further where a tax invoice has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, the registered person, who has supplied such goods or services or both, may issue to the recipient a credit note and where a tax invoice has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply, the registered person, who has supplied such goods or services or both, shall issue to the recipient a debit note
8.	ISD Invoice	Input service distributor (ISD) will issue ISD invoice or ISD credit note for distribution of relevant input credit
9.	Delivery Challan	To be issued for transportation of goods without issue of invoice for :  i. Supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known,  ii. Transportation of goods for job work,  iii. Transportation of goods for reasons other than by way of supply

## Continuous supply of goods & services

### What is continuous supply of goods?

“Continuous supply of goods” means a supply of goods which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, whether or not by means of a wire, cable, pipeline or other conduit, and for which the supplier invoices the recipient on a regular or periodic basis.

### Tax invoice in case of continuous supply of goods

In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.

### What is continuous supply of services?

“Continuous supply of services” means a supply of services which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, for a period exceeding three months with periodic payment obligations

### Tax invoice in case of continuous supply of services

In case of continuous supply of services,— (a) where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before the due date of payment; (b) where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment; (c) where the payment is linked to the completion of an event, the invoice shall be issued on or before the date of completion of that event.

### Issue of invoice in case, where supply of service ceases under a contract before completion of supply

In a case where the supply of services ceases under a contract before the completion of the supply, the invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply made before such cessation.

### Sale on approval basis

Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued before or at the time of supply or six months from the date of removal, whichever is earlier.

## Disclosure of Debit Note or Credit Note

Any registered person who issues a credit note in relation to a supply of goods or services or both shall declare the details of such credit note in the return for the month during which such credit note has been issued but not later than September following the end of the financial year in which such supply was made, or the date of furnishing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted accordingly.

## Returns

In order to ensure various compliances, seamless credit and information need of government various types of returns have prescribed by the GST regulations. The basic features of the return mechanism in GST includes electronic filing of returns, uploading of invoice level information auto-population of information relating to input tax credit from returns of supplier to that of recipient. A registered person mainly is required to file GSTR 1 – Details of Outward Supplies, GSTR 3B – Summarized return and tax payment, GSTR 9 – Annual Return.

**Table 15: Summary of various returns under GS**

S No.	Return type	Discription	Return to be Filed by	Due date of filing
1.	GSTR-1*	To be filed by registered taxable person for details of outward supplies of taxable goods and/or services effected	Registered Person	11th of Next Month
2.	GSTR-3B	Summarized monthly return.	Registered Person	20th of the Next Month
3.	GSTR-4	Quarterly return for Composition dealer	Composite Dealer	18th of month succeeding the quarter
4.	GSTR-5	Monthly return for Non-Resident taxable person	Non-resident taxpayer	20th of succeeding month or within 7 days after expiration of registration
5.	GSTR-5A	OIDAR services from outside India to a Non-taxable online recipient	Supplier of OIDAR services	20th of the Next Month
6.	GSTR-6	Input service distributor (ISD)	Input Service Distributor	13th of the Next Month
7.	GSTR-7	Authorities deducting tax at source	Tax Deductor	10th of the Next Month
8.	GSTR-8	TCS collected by ecommerce operator	E-Commerce Operator	10th of the Next Month
9.	GSTR-9	Annual Return	Registered person other than ISD,TDS/TCS, Casual Taxable Person	31st December of next Financial Year

10.	GSTR-9A	Annual return under Composition Scheme	Dealer under Composition Levy	31st December of Next Financial Year
11.	GSTR-10	Final Return	Taxable person whose registration has been surrendered or cancelled	Within three months of the date of cancellation or date of order of cancellation whichever is later
12.	GSTR-11	To be furnished by a person having UIN as details of inward supplies	Certain Persons – Embassies / Agency of United Nations	28th of the month following the month in which an inward is received by the UIN holder

**Table 15 Summary of returns for October 2019 – March 2020 (Person having turnover more than 1.50 Crore) under GST**

Month	GSTR-3B	GSTR-1
October 2019	20th November 2019	11th November 2019
November 2019	20th December 2019	11th December 2019
December 2019	20th January 2020	11th January 2020
January 2020	20th February 2020	11th February 2020
February 2020	20th March 2020	11 March 2020
March 2020	20th April 2020	11th April 2020

**Table 15 Summary of returns for October 2010 – March 2020 (Person having turnover up to 1.50 Crore) under GST**

Month	GSTR-3B	GSTR-1
October 2019 – December 2019	20th November 2019, 20th December 2019 and 20th January 2020	31st January 2020
January 2020 – March 2020	20th February 2020, 20th March 2020 and 20th April 2020	30th April 2020

## E- Invoicing

E-Invoicing is going to be applicable from 1st January 2020.

E-invoice does not mean generation of invoices from a central portal of tax department, as any such centralization will bring unnecessary restriction on the way trade is conducted. In fact, taxpayers have different requirements and expectation, which can't be met from one software generating e-invoices from a portal for the whole country. Invoice generated by each software may look more or less same, however, they can't be understood by another computer system even though business users understand them fully. For example, an Invoice generated by SAP system cannot be read by a machine which is using 'Tally' system. Likewise there are hundreds of accounting/billing software which generate invoices but they all use their own formats to store information electronically and data on such invoices can't be understood by the GST System if reported in their respective formats. Hence a need was felt to standardize the format in which electronic data of an Invoice will be shared with others to ensure there is interoperability of the data. The adoption of standards will in no way impact the way user would see the physical (printed) invoice or electronic (ex pdf version) invoice. All these software would adopt the new e-Invoice standard wherein they would re-align their data access and retrieval in the standard format. However, users of the software would not find any change since they would continue to see the physical or electronic (PDF/Excel) output of the invoices in the same manner as it existed before incorporation of e-Invoice standard in the software. Thus the taxpayer would continue to use his accounting system/ERP or excel based tools or any such tool for creating the electronic invoice as s/he is using today.

### Benefits of E-Invoice

Objectives	Outcome
Better taxpayer services	<ul style="list-style-type: none"> <li>One time reporting on B2B invoice data in the form it is generated to reduce reporting in multiple formats (one for GSTR-1 and the other for e-way bill).</li> <li>To generate Sales and purchase register (ANX-1 and ANX-2) from this data to keep the Return (RET-1 etc.) ready for filing under New Return. e-Way bill can also be generated using e-Invoice data</li> <li>It will become part of the business process of the taxpayer</li> <li>Substantial reduction in input credit verification issues as same data will get reported to tax department as well to buyer in his inward supply (purchase) register.</li> <li>On receipt of info thru GST System as buyer can do reconciliation with his Purchase Order and accept/reject in time under New Return</li> </ul>
Reduction of tax evasion	<ul style="list-style-type: none"> <li>Complete trail of B2B invoices</li> <li>System level matching of input credit and output tax</li> </ul>
Efficiency in tax administration	<ul style="list-style-type: none"> <li>Elimination of fake invoices</li> </ul>

### **Penalty for late filing of return:**

Where any taxable person fails to file his return on or before due date, a late fee shall be levied thereon for late filing of return.

Hereby, department has notified the amount of revised late fee payable for late filing of return.

- a. Where return is NIL- 20 per day (10 Central Tax + 10 State Tax)
- b. Where liability is arises – Rs. 50 per day ( 25 Central Tax + 25 State Tax)

### **Interest on late payment of tax:**

A taxable person is liable to pay tax at the time of filing of GSTR-3B return, however where any person pay tax after due date, interest will be levied on such payment @ 18% p.a.

### **Amendment/ Rectification/ Correction of Errors:**

Many queries have been received by department in respect of rectification of error made while filing of their Form GSTR-3B. Since, the Form GSTR-3B do not contained the provision for reporting differential figures for past months the same may be reported on net basis along with values of current month itself.

## **Refund**

### **Situations leading to Refund Claims**

- Export of Goods or Services
- Supplies to SEZs units and developers
- Deemed Export supplies
- Refund of taxes on purchase made by UN or embassies etc
- Refund arising on account of judgment, decree, order or direction of the Appellate Authority, Appellate Tribunal or any court
- Refund of accumulated Input Tax Credit on account of inverted duty structure
- Finalisation of provisional assessment
- Refund of pre-deposit
- Excess payment due to mistake
- Refunds to International tourists of GST paid on goods in India and carried abroad at the time of their departure from India
- Refund on account of issuance of refund vouchers for taxes paid on advances against which goods or services have not been supplied
- Refund of CGST & SGST paid by treating the supply as intra-State supply which is subsequently held as inter-State supply and vice versa.

- An international tourist procuring goods in India, may while leaving the country seek refund of integrated tax paid by them. The term, “tourist” has been defined and refers to any person who is not normally resident in India and who enters India for a stay of not more than 6 months for legitimate non-immigrant purposes.

### When to apply for Refund?

- Registered person claiming refund of any tax and interest, if any, paid on such tax or any other amount paid by him, may make an application before the expiry of two years from the relevant date.
- A specialised agency of the United Nations Organisation or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947, Consulate or Embassy of foreign countries may apply for refund, before the expiry of six months from the last day of the quarter in which such supply was received.

### Conditions to claim refund

- A registered person may claim refund of any unutilised input tax credit at the end of any tax period. No refund of unutilised input tax credit shall be allowed in cases other than
  - i. zero rated supplies made without payment of tax;
  - ii. where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies),
- No refund of unutilised input tax credit shall be allowed in cases where the goods exported out of India are subjected to export duty
- No refund of input tax credit shall be allowed, if the supplier of goods or services or both avails of drawback in respect of central tax or claims refund of the integrated tax paid on such supplies.
- A casual/Non-resident taxable person has to pay tax in advance at the time of registration. Refund may become due to such persons at the end of the registration period because the tax paid in advance may be more than the actual tax liability on the supplies made by them during the period of validity of registration period. But the amount of excess advance tax shall not be refunded unless such person has filed all the returns due during the time their registration was effective. It is only after such compliance that refund will be granted.
- The provisional refund of 90% of the total refund claim, in case the claim relates for refund arising on account of zero rated supplies would be paid within 7 days after giving the acknowledgement. The acknowledgement of refund application is normally issued within a period of 15 days.



## Penalties & Prosecution

Various penalties have been prescribed by GST regulations in context with delays in compliances, defaults due to mala fide and non mala fide intentions. Prosecution provisions have also been provided at various places, depending on severity of offences the imprisonment can be for minimum six months and maximum for five years. GST law also prescribed compounding provisions.

### The major offences under GST are as under:

- Supply of any Goods/services without issue of any invoice or false invoice
- Collection of any amount as tax but fails to pay to the Government
- Takes/Utilizes Input Tax Credit without actual receipt of Goods/services
- Fails to deduct/collect the tax wherever applicable to deduct/collect
- Fraudulently obtains refund of tax
- Falsifies financial records or produces fake accounts/documents to evade tax
- Fails to obtain registration even though liable to be registered
- Suppression of sales leading to evasion of tax
- Issuance of Invoice/Document using Registration Number of another Registered person
- Furnish any false information with regard to registration particular
- Obstruct or prevent any officer in discharge of his duties
- Transport goods without the cover of documents (i.e. e-way bill)
- Fails to keep books of accounts and other document as prescribed

Penalties in relation to non filing of returns are summarized below:

**Table 16: Summary of various defaults related to returns**

S. No.	Default	Penalty
1	Failure to furnish details of inward and outward supplies and monthly return	Rs.100/- for every day during which such failure continues, maximum late fee amounting to INR 5,000. However, the notified amount of late fee is Rs. 50/- per day when there is an Outward Taxable Supply and Rs. 20/- per day when there is no Taxable Supply
2.	Failure to furnish Annual return	Rs. 100/- for every day during which such failure continues , maximum late fee : 0.25% of his turnover in the state or union territory
3.	Failure to furnish information required by the notice served on e-commerce operator	Any amount upto Rs 25,000
4.	Failure to issue E-way Bill in accordance with the specified provisions	Rs.10,000/- or the tax sought to be evaded, whichever is greater

## Accounts, Records & Audit

### Accounts & Records

GST regulations require every registered person to keep and maintain, at his principal place of business, as mentioned in the certificate of registration, a true and correct records of:

- i. production or manufacture of goods;
- ii. inward and outward supply of goods or services or both;
- iii. stock of goods;
- iv. input tax credit availed;
- v. Output tax payable and paid;
- vi. Goods or Services imported or exported;
- vii. Supplies attracting payment of tax on reverse charge

along with relevant documents, including invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers, refund vouchers and e-way bills.<sup>2</sup>

- Where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business.
- Registered person may keep and maintain such accounts in electronic form
- Every owner or operator of warehouse or godown or any other place used for storage of goods and every transporter, irrespective of whether he is a registered person or not, shall maintain records of the consigner, consignee and other relevant details of the goods

### Retention of records

Every registered person required to retain books of account until the expiry of seventy-two months from the due date of furnishing of annual return for the year pertaining to such accounts and records.

### Audit under GST

GST envisages three types of audit, which are as under:

- **Audit by a Chartered Accountant/ Cost Accountant:** Every registered person whose turnover during a financial year exceeds INR 2,00,00,000 shall get his accounts audited by a chartered accountant or a cost accountant and shall submit a copy of the audited annual accounts & the reconciliation statement.

- **Audit by GST Commissioner:** The Commissioner or any officer authorised by him, can undertake audit of any registered person for a financial year after issuing the notice in accordance with the provisions of this act.<sup>3</sup>
- **Special Audit:** In Special Audit the registered person can be directed to get his records including books of account examined and audited by a chartered accountant or a cost accountant during any stage of scrutiny, inquiry, investigation or any other proceedings depending upon the complexity of the case.

## Other important regulations in GST

### Advance ruling

Advance ruling means a decision provided by the Authority or the Appellate Authority to an applicant on matters or on questions, in relation to the supply of goods or services or both being undertaken or proposed to be undertaken by the applicant. This is a tool in the law, which will help to avoid any ambiguity in law and will help to mitigate future litigation. In GST Advance ruling can be obtained w.r.t. the following:

- classification of any goods or services or both;
- applicability of a notification issued under the provisions of GST;
- determination of time and value of supply of goods or services or both;
- admissibility of input tax credit of tax paid or deemed to have been paid;
- determination of the liability to pay tax on any goods or services or both;
- whether applicant is required to be registered;
- whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both, within the meaning of that term.

### Work contract

The Work Contract has been defined in Section 2(119) of CGST Act 2017 as

“Works contract” means a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract.

Thus, from above it can be inferred that the term Work Contract has been restricted to contract of building, construction, fabrication, completion, erection, and installation etc of any immovable property only.

According to para 6 (a) Schedule II of the CGST Act 2017, works contract as defined in sec 2(119) of CGST Act 2017 shall be treated as a supply of service.

As per section 17(5)(C) of the CGST Act, 2017 Input tax credit shall not be available in respect of the works contract services when supplied for construction of an immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service. Thus, ITC for works contract can be availed only by one who is in the same line of business and using such service for further supply of works contract.

### Maintenance of Records

Every registered person who is executing the works contract shall keep a separate accounts for work contract showing:

- a. the name and address of the person on whose behalf the work contract is executed;
- b. description, value and quantity of goods or services received for the execution of works contract;
- c. description, value and quantity of goods or services utilized in the execution of works contract;
- d. the details of the payment received in respect of each works contract;
- e. the name and address of suppliers from whom he received goods or services

### Job Work

Job Work Sector plays a significant role in India Economy.

“Job work” means any treatment or process undertaken by a person on goods belonging to another registered person. The one who does the said job would be termed as ‘job worker’

Job work has been considered as service under schedule II of the GST Act.

### Procedural Aspects

Certain facilities which are offered in relation to job work, subject to certain conditions specified therein. Some of which are as under:

- A. A registered person (Principal) can send Inputs/Capital goods under intimation and subject to certain conditions without payment of tax to a job worker. The principal is not required to reverse the ITC availed on inputs or capital goods dispatched to job worker;

- B. Principal can send goods directly to job worker without bringing them to his premises;
- C. Input and/or Capital goods sent to a Job worker are required to be returned to the principal within 1 year and 3 year, respectively, from the date of sending such goods to the job worker;
- D. After processing the goods, the job worker may clear the goods to another job worker for further processing;
- E. The inputs or capital goods shall be sent to the job worker under the Challan issued by the principal.
- F. Where the inputs and capital goods are not sent to principal within prescribed time, it shall be deemed that such goods were sent out and the said supply shall be declared in Form GSTR-1 of the principal and the principal shall be liable to pay tax along with applicable tax rate;
- G. Where the goods are sent from one job worker and received from a job worker and sent to another job worker during a quarter shall be included in Form GST ITC-04 and such Form shall be filed within twenty fifth day of the month succeeding the said quarter.
- H. The responsibility of keeping proper accounts of the inputs and capital goods sent for job worker lies with the principal.
- I. Waste generated at the premises of the job-worker may be supplied directly by the registered job worker from his place of business on payment of tax or such waste may be cleared by the principal, in case the job-worker is not registered.

### Anti profiteering

The objective of GST is to allow seamless credit of input tax in the supply value chain and the governments expects that GST will lead to decrease in prices resulting in to creation of demand leading to growth in GDP. Accordingly anti profiteering regulation has been formulated to ensure any reduction in rate of tax on any supply of goods or services or the benefit of input tax credit shall be passed on to the recipient by way of commensurate reduction in prices. The National Anti Profiteering Authority may order:

- Reduction in Prices;
- Return of the amount not passed on with Interest @ 18% to the recipient;
- Imposition of Penalty; and
- Cancellation of registration of the supplier

The Central Government has decided to constitute an Authority to examine whether input tax credits availed by any registered person or the reduction in the tax rate will actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him. This authority shall remain in force for next two years.

## TDS in GST

In GST Government has mandated:

- i. a department or establishment of the Central Government or State Government; or
- ii. local authority; or
- iii. Governmental agencies; or
- iv. (a) an authority or a board or any other body,-
  1. Set up by an act of Parliament or a state legislature; or
  2. Established by any Government,

With fifty-one percent or more participation by way of equity or control, to carry out any function;

- (b) society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860 (21 of 1860);
- (c) public sector undertakings:<sup>4</sup>

to deduct tax at the rate of one per cent. from the payment made or credited to the supplier of taxable goods or services or both, where the total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees:

No deduction shall be made if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient.

For the purpose of deduction of tax specified above, the value of supply shall be taken as the amount excluding the central tax, State tax, Union territory tax, integrated tax and cess indicated in the invoice.

However, the TDS provisions under GST will not be applicable to the following:

1. authorities under the Ministry of Defence, other than the specified authorities and their offices,
2. in case of supply of goods or services or both from a public sector undertaking to another public sector undertaking, whether or not a distinct person,
3. supply of goods or services or both takes place between one person to another person who are responsible to deduct TDS under GST.

The amount of tax deducted at source should be deposited to the Government account by the deductor by 10th of the succeeding month. The TDS deductor is required to file a return in Form GSTR-7 within 10 days from the end of the month. A TDS certificate is required to be issued by deductor (the person who is deducting tax) in Form GSTR-7A to the deductee (the supplier from whose payment TDS is deducted), within 5 days of crediting the amount to the Government, failing which the deductor would be liable to pay a late fee of Rs. 100/- per day from the expiry of the 5th day till the certificate is issued. This late fee would not be more than Rs. 5000/-.

### **TCS in GST**

Every electronic commerce operator, not being an agent, shall collect an amount calculated at such rate not exceeding one per cent., of the net value of taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the operator.

Every operator who collects the amount as specified was required to file monthly returns (GSTR 8) within the 10 Days after the end of such month and annual return before 31st Day of December following the end of such financial year.

TDS & TCS provisions was came into effect from 1st October 2018

### **Advances under GST**

Time of supply determines when the taxpayer is required to discharge tax on particular supply. As per the Time of supply provisions, the time of supply is determined with reference to the time when the supplier receives payment with respect to the supply as well as a few other references like issue of invoice, receipt of goods etc. In general, the time of supply is earliest of issuance of invoice or receipt of payment. Therefore, in case of advance received for any supply, time of supply is fixed at the point when advance is received, irrespective of the fact whether the supply is made or not. Accordingly, GST needs to be paid with reference to the time at which advance is received.

Recognizing the fact that small businessmen may be burdened with compliance issues with regard to GST on advances, the Government has notified that all suppliers of goods, who have not opted for composition scheme, have been exempted from the burden of paying GST on Advances received. For such categories of taxpayers, time of supply would arise only at the time of issue of invoice and they need to discharge GST liability accordingly. But the suppliers of services are required to pay GST at the time of receipt of advances.

## Appeals & Review Mechanism under GST

Tax law recognizes that on any given set of facts and laws, there can be different opinions or viewpoints. Hence, it is likely that the taxpayer may not agree with the “adjudication order” so passed by the tax officer. It is equally possible that the Department may itself not be in agreement with the adjudication order in some cases. It is for this reason that the statute provides channels of appeal, to both sides.

### Appellate Mechanism

A person, who is aggrieved by a decision or order passed against him by an adjudicating authority, can file an appeal to the Appellate Authority. The appeal must be against a decision or order passed under the Act.

No appeals whatsoever can be filed against the following orders:-

- a. an order of the Commissioner or other authority empowered to direct transfer of proceedings from one officer to another officer;
- b. an order pertaining to the seizure or retention of books of account, register and other documents; or
- c. an order sanctioning prosecution under the Act; or
- d. an order passed under section 80 (payment of tax in installments).

The time limit for the party to file an appeal before the Appellate Authority is 3 months from the date of communication of the impugned order. But the Appellate Authority may condone a delay of up to one month, if he is satisfied that there was sufficient cause for such delay.

On conclusion of the appeal process, the Appellate Authority will pass his order (Order-in-Appeal) which may confirm, modify or annul the decision or order appealed against but shall not refer the case back to the authority that passed the said decision or order.

The law provides an advisory time limit of 1 year from date of filing of appeal for the Appellate Authority to decide the appeal.

### Appeals before Tribunal

The Tribunal is the second level of appeal, where appeals can be filed against the orders-in-appeal passed by the Appellate Authority or order in revision passed by revisional authority, by any person aggrieved by such an order-in-appeal/Order in revision.



The law envisages constitution of a two tier Tribunal i.e. National Bench/Regional Benches and the State Bench/ Area Benches. If place of supply is one of the issues in dispute, then the National Bench/ Regional benches of the Tribunal has jurisdiction to hear the appeal. If the dispute relates to issues other than the place of supply, then the State/Area Benches have the jurisdiction to hear the appeal. An appeal from the decision of the National Bench will lie directly to the Supreme Court and an appeal from the decision of the State Bench will lie to the jurisdictional High Court on substantial questions of law.

Appeal to the Tribunal by the aggrieved person is to be filed within 3 months from the communication of the order under appeal. Further, Tribunal has the power to condone delay (of up to 3 months in case of appeals or 45 days in case of cross objections, beyond the mandatory period) on being satisfied that there is sufficient cause for the delay.

The Tribunal has the discretion not to admit any appeal involving an amount of Rs. Fifty Thousand or less.

The Tribunal after hearing both sides may pass such orders thereon as it thinks fit. The Tribunal may refer the case back to the Appellate Authority or to the revisional authority, or to the original adjudicating authority, with such directions as it may think fit, for a fresh adjudication or decision, after taking additional evidence, if necessary. For reasons of natural justice (reasonable opportunity) it is also provided that the Tribunal may, if sufficient cause is shown, grant up to 3 adjournments to either side.

### **Concept of Pre-Deposit**

The CGST Act, 2017 require an appellant before Appellate Authority to pre-deposit full amount of tax, interest, fine, fee and penalty, as is admitted by him, arising from the impugned order and a sum equal to 10% of the remaining amount of tax in dispute arising from the impugned order.

In so far as appeals to the Tribunal is concerned, no appeal can be filed before the Tribunal unless the appellant has deposited in full, the amount of tax, interest, fine, fee and penalty arising from the impugned order, as is admitted by him, and a sum equal to 20% of the remaining amount of tax in dispute, in addition to the amount deposited before the Appellate Authority, arising from the order in relation to which appeal has been filed.

If the pre-deposit made by the appellant before the Appellate Authority or Tribunal is required to be refunded consequent to any order of the Appellate Authority or of the Tribunal, interest at the rate of six percent shall be payable from the date of payment of the amount (and not from the date of order of AA or of the Tribunal) till the date of refund of such amount.

### **Appeal to the High Court**

The law provides that either side (department or party), if aggrieved by any order passed by the State Bench or Area Bench of the Tribunal may file an appeal to the High Court and the High Court may admit such appeal if it is satisfied that the case involves a substantial question of law. It is to be noted that on facts, the tribunal is the final authority.

Appeals to the High Court are to be filed within 180 days, but the HC has the power to condone delay on being satisfied of sufficient cause for the same.

On being satisfied that a substantial question of law is involved, the High Court shall formulate that question, and the appeal shall be heard only on the question so formulated. However, the High Court has the power to hear the appeal on any other substantial question of law if it is satisfied that the case involves such question. The High Court shall decide the questions of law so formulated and deliver such judgment thereon containing the grounds on which such decision is founded and may award such cost as it deems fit. The High Court may determine any issue which has not been determined by the Tribunal or has been wrongly determined by the Tribunal, by reason of a decision on such questions of law.

### **Appeal to the Supreme Court**

The law provides for appeals to the Supreme Court from any judgment or order passed by the High Court, in any case which, on its own motion or on an oral application made by or on behalf of the party aggrieved, immediately after passing of the judgment or order, the High Court certifies to be a fit one for appeal to the Supreme Court.

A (direct) appeal shall also lie to the Supreme Court from any orders passed by the National/Regional Bench of the Tribunal.

### **Revision by Commissioner (CGST/SGST)**

The GST Act also provides for the mechanism of revision, by the Revisional Authority, of the orders passed by his subordinate officers. If the Revisional Authority on examination of the case records is of the view that the decision or order passed by any officer subordinate to him is erroneous in so far as it is prejudicial to the interest of the revenue, and is illegal or improper or has not taken into account material facts, he may, stay the operation of such decision or order and after giving the person concerned an opportunity of being heard and after making such further inquiry as may be necessary, pass such order, as he thinks just and proper, including enhancing or modifying or annulling the said decision or order.

The above power is subject to the condition that non-appealable orders and decision cannot be revised. Further the power of revision cannot be exercised if: -

- a. the order has been subject to an appeal before Appellate Authority or Tribunal or High Court or Supreme Court; or
- b. the period of six months (from the date of communication of order) has not yet expired or more than three years have expired after the passing of the decision or order sought to be revised; or
- c. the order has already been taken for revision at an earlier stage; or
- d. the order sought to be revised is a revisional order in the first place:

## Inspection, Search, Seizure & Arrest

The options of Inspection, Search, Seizure and Arrest are exercised, only in exceptional circumstances and as a last resort, to protect the Government Revenue. Therefore, to ensure that these provisions are used properly, effectively and the rights of tax payers are also protected, it is stipulated that Inspection, Search or Seizure can only be carried out when an officer, of the rank of Joint Commissioner or above, has reason to believe the existence of such exceptional circumstances. However, in case of arrests the same can be carried out only where the person is accused of offences specified for this purpose and the tax amount involved is more than specified limit. Further, the arrests under GST Act can be made only under authorisation from the Commissioner.

The circumstances which may warrant exercise of these options are as follows: -

### 1. Inspection

‘Inspection’ is a softer provision than search which enables officers to access any place of business or of a person engaged in transporting goods or who is an owner or an operator of a warehouse or godown. The inspection can be carried out by an officer of CGST/SGST only upon a written authorization given by an officer of the rank of Joint Commissioner or above a Joint Commissioner or an officer higher in rank can give such authorization only if he has reasons to believe that the person concerned has done one of the following actions:

- a. Suppression of any transaction relating to supply of goods or services or stock in hand;
- b. Claimed excess input tax credit;
- c. Contravention of any provisions of the Act or the Rules to evade tax;
- d. Transporting or keeping goods which escaped payment of tax or manipulating accounts or stocks which may cause evasion of tax;

### 2. Inspection in movement

- a. Any consignment, value of which is exceeding Rs. 50,000/-, may be stopped at any place for verification of the documents /devices prescribed for movement of such consignments.
- b. If on verification of the consignment, during transit, it is found that the goods were removed without prescribed document or the same are being supplied in contravention of any provisions of the Act then the same can be detained or seized and may be subjected to penalties as prescribed.
- c. To ensure transparency and minimize hardships to the trade the law provides that if during verification, in transit, a consignment is held up beyond 30 minutes the transporter can feed details on the portal. This will ensure verifications. Moreover, for verification during movement of consignment will also be done through Digital interface and therefore the physical intervention will be minimum.

### 3. Search & Seizure

The provisions of search and seizure also provides enough safeguards and the GST Law stipulates that search of any place of business etc. can be carried out only under authorization from an officer of the rank of Joint Commissioner and if he has a reason to believe that the person concerned has done at least one of the following:-

- a. Goods liable to confiscation or any documents /books/record/things, which may be useful for or relevant to any proceedings, are secreted in any place then all such places can be searched;
- b. All such goods/documents/books/record/things may be seized, however, if it is not practicable to seize any such goods then the same may be detained. The person from whom these are seized shall be entitled to take copies/extracts of seized records;
- c. The seized documents/books/things shall be retained only till the time the same are required for examination /enquiry/ proceedings and if these are not relied on for the case then the same shall be returned within 30 days from the issuance of show cause notice;
- d. The seized goods shall be provisionally released on execution of bond and furnishing a security or on payment of applicable tax, interest and penalty;
- e. In case of seizure of goods, a notice has to be issued within six months, if no notice is issued within a period of six months then all such goods shall be returned. However, this period of six months can be extended by Commissioner for another six months on sufficient cause;
- f. An inventory of the seized goods/documents/ records is required to be made by the officer and the person, from whom the same are seized, shall be given a copy of the same.
- g. The searches and seizures shall be carried out in accordance with the provisions of Criminal Procedure Code, 1973. It ensures that any search or seizure should be made in the presence of two or more independent witnesses, a record of entire proceedings is made and forwarded to the Commissioner forthwith.

### 4. Arrests

The provisions for arrests under GST Law have sufficient inbuilt safeguards to ensure that these are used only under authorization from the Commissioner. Besides this, the GST Law also stipulates that arrests can be made only in those cases where the person is involved in offences specified for the purposes of arrest and the tax amount involved in such offence is more than the specified limit. The salient points of these provisions are:

- a. Provisions for arrests are used in exceptional circumstance and only with prior authorization from the Commissioner.
- b. A person can be arrested only if he has committed specified offences (not any offence) and the tax amount is exceeding rupees 200 lakhs. However, the monetary limit shall not be applicable if the offences are committed again even after being convicted earlier.

- c. Further, even though a person can be arrested for specified offences involving tax amount exceeding Rs.200 lakhs, however, where the tax involved is less than Rs. 500 lakhs, the offences are classified as non-cognizable and bailable and all such arrested persons shall be released on Bail by Deputy/Assistant Commissioner. But in case of arrests for specified offences where the tax amount involved is more than Rs. 500 lakhs, the offence is classified as cognizable and non-bailable and in such cases the bail can be considered by a Magistrate only.

### Recovery of Tax under GST

Despite several Self-Policing provisions there may arise some instances where the tax was not paid correctly. To deal with all such situations the provisions for Recovery are incorporated in tax law. Accordingly, the GST Act contains elaborate provisions for recovery of tax under various situations, which can be broadly classified into following two categories: -

- i. Tax short paid or erroneously refunded or input tax credit wrongly availed; and
- ii. Non-payment of self-assessed tax or amount collected as representing the Tax.

The incidence of the short payment of tax or erroneous refund or wrong availment of input tax credit may be because of an inadvertent bonafide mistake (Normal Cases) or it may be a deliberate attempt (Fraud Cases) to evade the tax. Since the nature of offence is totally different in both type of incidences, hence separate provisions for recovery of the tax and amount of penalty have been made to deal with any of such type of cases. Besides these there are provisions to encourage voluntary compliance such as no penalty or lesser penalty if the tax dues along with interest, are paid within specified time limit/incidence.

**The Table below gives a comprehensive chart of provisions for voluntary compliance**

S. No.	Action by Tax Payer	Amount of Penalty payable: Normal Cases	Amount of Penalty payable: Fraud Cases	Remarks
1.	Tax amount, along with interest, paid before issuance of Notice.	No Penalty and no Notice shall be issued.	15% of the Tax amount and no Notice shall be issued.	The penalty shall also be not chargeable in cases where the self-assessed tax or any amount collected as tax is paid (with interest) within 30 days from the due date of payment.
2.	Tax amount, along with interest, paid within 30 days of issuance of Notice.	No Penalty. All proceedings deemed to be concluded.	25% of the Tax amount. All proceedings deemed to be concluded.	
3.	Tax amount, along with interest, paid within 30 days of communication of Order.	10% of the Tax amount or Rs. 10,000/-, whichever is higher	50% of the Tax amount. All proceedings deemed to be concluded.	
4.	Tax amount, along with interest, paid after 30 days of communication of Order.	10% of the Tax amount or Rs. 10,000/-, whichever is higher	100% of the Tax amount.	

If it becomes inevitable to issue a show cause notice and thereafter pass an Order, the GST Act ensures a timely completion of all these procedures by providing a fixed timeline for issuance of notice and order-as follows:

S. No.	Nature of Case	Time for issuance of Notice	Time for issuance of Order
1.	Normal Cases	Within 2 years and 9 months from the due date of filing of Annual Return for the Financial Year to which the demand pertains or from date of erroneous refund.	Within 3 years from the due date of filing of Annual Return for the Financial Year to which the demand pertains or from date of erroneous refund.
2.	Fraud Cases	Within 4 years and 6 months from the due date of filing of Annual Return for the Financial Year to which the demand pertains or from date of erroneous refund.	Within 5 years from the due date of filing of Annual Return for the Financial Year to which the demand pertains or from date of erroneous refund.
3.	Any amount collected as tax but not paid	No time limit.	Within one year from the date of issue of notice.
4.	Non-payment of self-assessed tax	No need to issue a show cause notice. Recovery proceedings can be started directly. Penalty, @ 10% of the Tax amount or Rs. 10,000/-, whichever is higher, shall also be payable if the period of non-payment exceeds 30 days from the due date of payment of tax.	

All these provisions make it clear that there are sufficient opportunities to make amend and discharge the tax liability with nil or nominal penalties. However, there are disincentives also for the person who fails to utilise these beneficial provisions. Besides that, the law also provides that the Board may fix certain monetary limits for not filing an Appeal against any order. It means if any order is passed in favour of the assessee the department will not pursue the case further by filing Appeals if the amount involved is less than the specified limit. At present, under the existing laws, the monetary limits for not filing an appeal to various judicial forums are follows: -

- i. Tribunal- Rs. 10 Lakhs
- ii. High Courts- Rs. 20 Lakhs and
- iii. Supreme Court- Rs. 25 Lakhs

The recovery proceedings are final step towards realization of any tax or amount, which has been confirmed as payable after following the due process of adjudication by the proper officer. Therefore, if the tax dues and other amounts remain unpaid, despite all these beneficial provisions, and the tax payer fails to pay the dues after the orders are passed and statutory limit of 3 months is over then the proper officer may initiate recovery proceedings. These recovery provisions under the CGST Act, 2017 lays down a well defined procedure which is as follows:

- i. Any amount payable, in pursuance to any order passed in this matter, is required to be paid within 3 months from the date of receipt of order and the tax payer should pay the same within this time limit. However, in certain cases, considering the interest of revenue, this period of 3 months may be reduced.
- ii. If the payable amount is not paid within the specified time limit of 3 months then recovery proceedings shall be initiated and various actions may be taken by the recovery officer, for realization of Government dues. These options for recovery of government dues includes deduction of money from any amount payable to such tax payer, by detaining and selling any goods, by directing any other person from whom the money is due to such person, attaching any moveable (Including Negotiable Instruments and Shares) and/or immovable property belonging to the defaulter etc.
- iii. However, considering various business aspects the provisions for payment of all such amounts, other than self-assessed tax, in instalments have also been made in the Act. A person can avail this benefit of payment in instalments, by making application to the Commissioner by specifying reasons for such request. On receipt of such application the Commissioner may allow payment of amount in instalments, subject to maximum 24 monthly instalments and on payment of applicable interest. Here it may be noted that if there is default in payment of any one instalment then the whole outstanding balance shall become due and payable immediately.

### **Specific Guidance on certain Goods & Services**

#### **Supply of Advertisement Services**

GST council has notified specific rules for the apportionment of value attributable to different states or Union Territories in case of supply of advertisement services to the Central Government, a State Government, a statutory body or a local authority, in absence of any contract between the supplier of service and recipient of services through Notification No. 12/2017-Integrated Tax. The apportionment shall be determined on the basis of the value of advertisement service attributable to the dissemination in such State or Union territory.

#### **Treatment of Supply by an artist in various States and supply of goods by artists from galleries**

The artwork for supply on approval basis can be moved from the place of business of the registered person (artist) to another place within the same State or to a place outside the State on a delivery challan along with the e-way bill wherever applicable and the invoice may be issued at the time of actual supply of art work.

In case of supply by artists through galleries, there is no consideration flowing from the gallery to the artist when the art works are sent to the gallery for exhibition and therefore, the same is not a supply. It is only when the buyer selects a particular art work displayed at the gallery, that the actual supply takes place and applicable GST would be payable at the time of such supply.

#### **GST on Catering Services in Trains**

The GST rate on supply of food and/or drinks by the Indian Railways or Indian Railways Catering and Tourism Corporation Ltd. or their licensees, whether in trains or at platforms (static units), will be 5% without ITC.

### **Construction Service of Complex, Building or Civil Structure**

The liability to pay central tax on supply of services, on the consideration received in the form of construction service referred to in clause (a) below and in the form of development rights referred to in clause (b) below, shall arise at the time when the said developer, builder, construction company or any other registered person, transfers possession or the right in the constructed complex, building or civil structure, to the person supplying the development rights by entering into a conveyance deed or similar instrument (for example allotment letter):

- a. registered persons who supply development rights to a developer, builder, construction company or any other registered person against consideration, wholly or partly, in the form of construction service of complex, building or civil structure; and
- b. registered persons who supply construction service of complex, building or civil structure to supplier of development rights against consideration, wholly or partly, in the form of transfer of development rights.

### **GST on College Hostel Mess Fees**

The educational institutions having mess facility for providing food to their students and staff are either run by the institution/ students themselves or is outsourced to a third person.

If the catering services is one of the services provided by an educational institution to its students, faculty and staff and the said educational institution means an institution providing services by way of :

- a. pre-school education and education up to higher secondary school or equivalent;
- b. education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;
- c. education as a part of an approved vocational education course;
- d. then the same is exempt.

If the catering services, i.e., supply of food or drink in a mess or canteen, is provided by anyone other than the educational institution, then it is a supply of service to the concerned educational institution and attracts GST of 5% provided that credit of input tax charged on goods and services used in supplying the service has not been taken, effective from 15.11.2017.

### **Classification of Cut-pieces of Fabrics under GST**

It is clear that before becoming readymade articles or an apparel, the fabric is cut from bundles or thans and sold in that unstitched state. Fabrics are classifiable under chapters 50 to 55 of the First Schedule to the Customs Tariff Act, 1975 on the basis of their constituent materials and attract a uniform GST rate of 5% with no refund of the unutilized input tax credit. Mere cutting and packing of fabrics into pieces of different lengths from bundles or thans, will not change the nature of these goods and such pieces of fabrics would continue to be classifiable under the respective heading as the fabric and attract the 5% GST rate.



### **GST rates on 5-star Hotel Accommodation**

Accommodation in any hotel, including 5-star hotels having declared tariff of a unit of accommodation of less than INR 7500 per unit per day, will attract GST @ 18%. Star rating of hotels is, therefore, irrelevant for determining the applicable rate of GST.

### **Inter-state movement of rigs, tools and spares, and all goods on wheels (like cranes)**

Inter-state movement of various modes of conveyance alongwith inter-state movement of rigs, tools and spares, and all goods on wheels [like cranes], between distinct persons carrying goods or passengers or both; or for repairs and maintenance, [except in cases where such movement is for further supply of the same conveyance] shall be treated “neither as a supply of goods nor supply of service” and therefore would not be leviable to IGST.

Further, applicable CGST/SGST/IGST shall be leviable on repairs and maintenance done for such goods.

### **Applicability of GST on the superior kerosene oil [SKO] retained for the manufacture of Linear Alkyl Benzene [LAB]**

GST will be payable by the refinery on the value of net quantity of superior kerosene oil (SKO) retained for the manufacture of Linear Alkyl Benzene (LAB). Though, refinery would be liable to pay GST on such returned quantity of SKO, when the same is supplied by it to any other person.

### **Taxability of Custom Milling of Paddy**

Milling of paddy is not an intermediate production process in relation to cultivation of plants. It is a process carried out after the process of cultivation is over and paddy has been harvested. Further, processing of paddy into rice is not usually carried out by cultivators but by rice millers. Milling of paddy into rice also changes its essential characteristics. Therefore, milling of paddy into rice cannot be considered as an intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce. Therefore, milling of paddy into rice is not eligible for exemption.

Milling of paddy into rice on job work basis, is liable to GST at the rate of 5%, on the processing charges (and not on the entire value of rice).

### **Taxability of Printing Contracts**

In the case of printing of books, pamphlets, brochures, annual reports, and the like, where only content is supplied by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer, supply of printing [of the content supplied by the recipient of supply] is the principal supply and therefore such supplies would constitute supply of service falling under heading 9989 of the scheme of classification of services.

In case of supply of printed envelopes, letter cards, printed boxes, tissues, napkins, wall paper etc. falling under Chapter 48 or 49, printed with design, logo etc. supplied by the recipient of goods but made using physical inputs including paper belonging to the printer, predominant supply is that of goods and the supply of printing of the content [supplied by the recipient of supply] is ancillary to the principal supply of goods and therefore such supplies would constitute supply of goods falling under respective headings of Chapter 48 or 49 of the Customs Tariff.

### **Meaning of Registered Brand Name**

“Registered Brand Name” means a brand name or trade name, which is registered under the Trade Marks Act, 1999. In this regard, section 2 (w) read with section 2 (t) of the Trade Marks Act, 1999 provide that a registered trade mark means a trade mark which is actually on the Register of Trade Marks and remaining in force.

Thus, unless the brand name or trade name is actually on the Register of Trade Marks and is in force under the Trade Marks Act, 1999, the CGST rate of 5% will not be applicable on the supply of goods.

### **GST on Services provided by RWA (Resident Welfare Association)/ Housing Society**

Supply of service by RWA (unincorporated body or a registered non-profit entity) to its own members by way of reimbursement of charges or share of contribution up to an amount of five thousand rupees per month per member for providing services and goods for the common use of its members in a housing society or a residential complex are exempt from GST.

Further, if the aggregate turnover of such RWA is upto Rs.20 Lakh in a financial year, then such supplies would be exempted from GST even if charges per member are more than Rs. Five Thousand.

RWA shall be required to pay GST on monthly subscription/contribution charged from its members if such subscription is more than Rs. 5000 per member and the annual turnover of RWA by way of supplying of services and goods is also Rs. 20 lakhs or more. Under GST, the tax burden on RWAs will be lower for the reason that they would now be entitled to ITC in respect of taxes paid by them on capital goods (generators, water pumps, lawn furniture etc.), goods (taps, pipes, other sanitary/hardware fittings etc.) and input services such as repair and maintenance services.

### **Maintenance of books of accounts relating to additional place of business by a principal or an auctioneer, for the purpose of auction of tea, coffee, rubber etc.**

The principal and the auctioneer of tea, coffee, rubber etc. are required to declare warehouses where such goods are stored as their additional place of business. The buyer is also required to disclose such warehouse as his additional place of business if he wants to store the goods purchased through auction in such warehouses.

Further, both the principal and the auctioneer are required to maintain the books of accounts relating to each and every place of business in that place itself. However, in case difficulties are faced in maintaining the books of accounts, they may maintain the books of accounts relating to the additional place(s) of business at their principal place of business instead of such additional place(s).

Such principal or auctioneer shall intimate their jurisdictional proper officer in writing about the maintenance of books of accounts relating to additional place(s) of business at their principal place of business.

### **Classification and GST rate on Terracotta Idols**

The GST rate on Idols made of clay is nil. As terracotta is clay based, terracotta idols will also be eligible for Nil rate.

### **Cross Charge**

GST is the destination-based tax. This means the tax on any supplies shall be paid in the state or union territory where the actual consumption of the said supplies takes place. This concept is applied where a tax payer has multiple registration in different state with the same PAN and inward supplies used in all locations are received in one state only. Under this situation the receiving branch shall required to cross charge all such expenses from other registered branches. Since all such branches are registered entity and considered as 'Distinct Person', can avail the input tax credit on all such supplies.

CBIC has clarified vide its press release on 15 November 2019 that the salaries paid to the employees by the employer are not subject to GST. It must also be made clear that offices of an organisation in different States are regarded as distinct persons under Section 25 of CGST Act. Hence, what is taxable under GST is supply of goods and services by the head office to its branch office/s and vice versa. Any tax charged on such supplies is available to the recipient as input tax credit. This is not any additional cost to the organisation. Also, it is a worldwide practice under GST laws.

CBIC emphasised the GST law position which clearly states under Section 7(2) read with Schedule III of the Central Goods and Services Act, 2017 (CGST Act) that the salaried services by an employee to the employer shall be treated neither as a supply of goods nor as a supply of services. So, salaries as such cannot be subject to GST.

CBIC said that the GST charged on the prices/charges by any supplier of goods or services from his consumers does comprise all costs including cost of raw material, capital goods, input services and employee costs, etc. But this does not mean that salaries paid to the employees by the employer are being taxed under GST.

## Intermediary

In simple terms ‘intermediary’ means someone who acts to arrange an agreement between people who are unwilling/unable to communicate directly. Simplifying further, Intermediary can be explained as a firm or a person (such as a broker or a consultant) who acts as a moderator or a link between the parties to a business deal, investment decision, etc. In this article, we look at the applicability and taxation of intermediately services under GST.

A very simple and easy illustration of intermediary can be a bank which acts as an intermediaries between depositors seeking interest income and borrowers seeking debt capital. Intermediaries are generally specialized in specific area and serve as a channel for the specific market.

Important feature that can be derived from the definition of ‘intermediary’ are summarized hereunder:

- i. An intermediary can be a broker, an agent or any other person;
- ii. An intermediary is a person, who between two or more persons, either arranges or facilitates the supply of goods or services or both;
- iii. An intermediary cannot change the nature of supply as provided by his principal.
- iv. The place of supply of the intermediary service would be location of the supplier of services.

## Deemed Exports

“Deemed Exports” refers to supplies of goods manufactured in India (and not services) which are notified as deemed exports under Section 147 of the CGST/SGST Act, 2017. The supplies do not leave India. The payment for such supplies is received either in Indian rupees or in convertible foreign exchange.

The following categories of supply of goods has been declared as Deemed Exports:

S. No.	Description of Supply
1	Supply of goods by a registered person against Advance Authorization
2	Supply of capital goods by a registered person against Export Promotion Capital Goods Authorization
3	Supply of goods by a registered person to Export Oriented Unit
4	Supply of gold by a bank or Public Sector Undertaking specified in the notification No. 50/2017-Customs, dated the 30th June 2017 (as amended) against Advance Authorization

## Discounts

Discounts like trade discount, quantity discount etc. are part of the normal trade and commerce, therefore pre-supply discounts i.e. discounts recorded in the invoice have been allowed to be excluded while determining the taxable value.

Discounts provided after the supply can also be excluded while determining the taxable value provided two conditions are met, namely:

- a. discount is established in terms of a pre supply agreement between the supplier & the recipient and such discount is linked to relevant invoices and
- b. input tax credit attributable to the discounts is reversed by the recipient.

### Discounts including 'Buy more, save more' offers:

- i. Sometimes, the supplier offers staggered discount to his customers (increase in discount rate with increase in purchase volume). For example- Get 10 % discount for purchases above Rs. 5000/-, 20% discount for purchases above Rs. 10,000/- and 30% discount for purchases above Rs. 20,000/-. Such discounts are shown on the invoice itself.
- ii. Some suppliers also offer periodic / year ending discounts to their stockists, etc. For example- Get additional discount of 1% if you purchase 10000 pieces in a year, get additional discount of 2% if you purchase 15000 pieces in a year. Such discounts are established in terms of an agreement entered into at or before the time of supply though not shown on the invoice as the actual quantum of such discounts gets determined after the supply has been effected and generally at the year end. In commercial parlance, such discounts are colloquially referred to as "volume discounts". Such discounts are passed on by the supplier through credit notes.
- iii. It is clarified that discounts offered by the suppliers to customers (including staggered discount under „Buy more, save more“ scheme and post supply / volume discounts established before or at the time of supply) shall be excluded to determine the value of supply provided they satisfy the parameters laid down in sub-section (3) of section 15 of the said Act, including the reversal of ITC by the recipient of the supply as is attributable to the discount on the basis of document (s) issued by the supplier.
- iv. It is further clarified that the supplier shall be entitled to avail the ITC for such inputs, input services and capital goods used in relation to the supply of goods or services or both on such discounts. D.

### Secondary Discounts

- i. These are the discounts which are not known at the time of supply or are offered after the supply is already over. For example, M/s A supplies 10000 packets of biscuits to M/s B at Rs. 10/- per packet. Afterwards M/s A re-values it at Rs. 9/- per packet. Subsequently, M/s A issues credit note to M/s B for Rs. 1/- per packet.

- ii. The provisions of sub-section (1) of section 34 of the said Act provides as under: “Where one or more tax invoices have been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, the registered person, who has supplied such goods or services or both, may issue to the recipient one or more credit notes for supplies made in a financial year containing such particulars as may be prescribed.”
- iii. Representations have been received from the trade and industry that whether credit notes(s) under sub-section (1) of section 34 of the said Act can be issued in such cases even if the conditions laid down in clause (b) of sub-section (3) of section 15 of the said Act are not satisfied. It is hereby clarified that financial / commercial credit note(s) can be issued by the supplier even if the conditions mentioned in clause (b) of sub-section (3) of section 15 of the said Act are not satisfied. In other words, credit note(s) can be issued as a commercial transaction between the two contracting parties.
- iv. It is further clarified that such secondary discounts shall not be excluded while determining the value of supply as such discounts are not known at the time of supply and the conditions laid down in clause (b) of sub-section (3) of section 15 of the said Act are not satisfied.
- v. In other words, value of supply shall not include any discount by way of issuance of credit note(s) as explained above in para 2 (D)(iii) or by any other means, except in cases where the provisions contained in clause (b) of sub-section (3) of section 15 of the said Act are satisfied.
- vi. There is no impact on availability or otherwise of ITC in the hands of supplier in this case

### Lower rate of tax

Any registered person whose aggregate turnover (includes both goods or services) does not exceed INR 50,00,000 on or after 1st day of April in any financial year may opt to pay tax at 6% subject to the following conditions

1. Aggregate turnover in previous Financial year does not exceeds INR 50 Lacs
2. Not registered as composite tax payer
3. Not engaged in providing exempted supplies
4. Not making any inter-state supplies
5. Not being a casual taxable person or non-resident taxable person
6. Not being a e-commerce operator who required to deduct tax at source
7. Not engaged in supplying Ice cream and other edible ice, Pan Masala or Tobacco manufacture.
8. Where multiple registration taken on same PAN then all such registered person are paying tax at 6%
9. The tax payer shall not collect any tax from recipient of such supplies and he is not eligible to take credit of inward supplies

The tax payer shall issue a Bill of Supply instead of Tax invoice along with the following words on top of the bill “ taxable person paying tax in terms of notification no. 2/2019 – Central Tax (rate) dated 07.03.2019, not eligible to collect tax on supplies”

JPC is a professional services firm based in New Delhi & Noida, India. We were established in the year 1974 with the aim to create value for our clients by delivering quality, comprehensive, timely, practical and innovative services. We offer a comprehensive range of services, including taxation services, regulatory services, transaction advisory services, financial & management consultancy services, assurance & risk services, and outsourcing services. Over the past several decades, we have established significant competitive presence in the country. Our vast and diversified client base includes Multinational enterprises, domestic companies, high net worth individuals, government companies and institutions in all leading industry verticals. We are a team of distinguished Chartered Accountants, Management Accountants, Corporate Financial Advisors and Tax Consultants. Our team has the requisite skills and experience to provide complex business, financial, assurance, tax and regulatory services to our clients. Our strength lies in our timely performance-based, industry-tailored and technology-enabled services which are delivered by some of the most talented professionals in the country. For more information about JPC's service offerings, visit [www.jpc.co.in](http://www.jpc.co.in)

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**GST Goods & Service Tax**

**SGST State Goods & Service Tax**

**CGST Central Goods & Service Tax**

**IGST integrated Goods & Service Tax**

**GDP Gross Domestic Product**

**PAN Permanent Account Number**

**CBEC Central Board of Excise & Customs**

**TCS Tax collected at source**

**TCS Tax deducted at source**

**SAC Service Accounting Codes**

**SEZ Special Economic Zone**

**HSN Harmonized System of Nomenclature**

**ECO E - Commerce**

**GTA Goods Transport Agency**

**INR Indian Rupee**

**UTs Union Territories**

**ISD Input service distributor**



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